

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DARROW: A bill (H. R. 14067) for the relief of certain employees of the Philadelphia post office; to the Committee on Claims.

By Mr. DUNBAR: A bill (H. R. 14068) granting an increase of pension to Charles Bernhart; to the Committee on Pensions.

By Mr. HICKEY: A bill (H. R. 14069) authorizing the Secretary of the Treasury to reimburse Joseph Santucci for the loss of watchmaker's tools and clockmaker's tools while in the military service of the United States; to the Committee on Claims.

By Mr. HOEY: A bill (H. R. 14070) granting an increase of pension to Levi N. Lunsford; to the Committee on Invalid Pensions.

By Mr. MANN of South Carolina: A bill (H. R. 14071) granting a pension to George E. Wade; to the Committee on Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3601. By Mr. CAREW: Petition of American Steamship Owners' Association, of New York City, favoring the granting of the officers and men of the Coast Guard the same rank and pay as the officers and men of the Navy; to the Committee on Interstate and Foreign Commerce.

3602. By Mr. DYER: Petition of H. D. Lee Mercantile Co., protesting against the taxing of advertising; to the Committee on Ways and Means.

3603. Also, petition of Missouri State Chiropractors' Association, favoring chiropractic legislation; to the Committee on the District of Columbia.

3604. Also, petition of St. Louis Union Trust Co., favoring House bill 13259; to the Committee on Ways and Means.

3605. By Mr. FULLER of Illinois: Petition of the Business Men's Association of Ottawa, Ill., protesting against the McNary bill for stamping the cost price on sole of shoes; to the Committee on Interstate and Foreign Commerce.

3606. By Mr. LINTHICUM: Petition of P. K. Murphy, Dr. Patrick J. Clare, William Jos. O'Brennan, Carl Knop, C. E. Codd, Frank M. Fossett, Michael J. Redding, M. F. Farrell, M. J. Gahan, M. J. Neary, John T. Doyle, Thomas E. Carey, R. V. Quinn, Rev. Joseph P. Hanley, and Daniel Murphy, all of Baltimore, Md., and J. J. Isenosing, Huntington, W. Va., regarding the Mason bill; to the Committee on Foreign Affairs.

3607. Also, petition of W. W. Lanahan & Co. and Citizens National Bank, both of Baltimore, Md., regarding sales tax; to the Committee on Ways and Means.

3608. Also, petition of W. H. Winstead Co., Baltimore, Md., regarding House bill 13015; to the Committee on Ways and Means.

3609. Also, petition of Baltimore Trades Unionist, E. A. Smith & Co., Radio Engineering Co., Merchants and Manufacturers Association, W. Howard Gibson, Hugh Auld, John H. Donaldson, Daniel Orem, Corp. Alfred Tennyson, and veterans foreign wars; F. G. Yingling, Matthew J. Hughes, Arthur W. Seippel, Marshall Winchester Co., and Henry Stockbridge, all of Baltimore, Md., regarding Federal post-office employees; to the Committee on the Post Office and Post Roads.

3610. Also, petition of American Flint Glass Workers' Union, Cumberland, Md., regarding Senate joint resolution 171 and Senate bill 1233, repeal of espionage law; to the Committee on the Judiciary.

3611. Also, petition of United States Fidelity & Guaranty Co., Baltimore, Md., regarding metric system; to the Committee on Coinage, Weights, and Measures.

3612. Also, petition of headquarters Post 61, American Legion; Association Western Union Employees, Local No. 60; S. S. Kresge Co.; and B. B. Burgunder, all of Baltimore, Md.; and American Legion, Frederick, Md., regarding soldiers' bonus; to the Committee on Ways and Means.

3613. Also, petition of John J. Reahl, Cumberland Coal Co., Chesapeake Co., Henry G. Von Heine, Wilcox & Zeigler, Emerson & Morgan Coal Co., E. A. & B. M. Watts, and E. S. Brady & Co., all of Baltimore, Md., regarding Senate bill 4089; to the Committee on Interstate and Foreign Commerce.

3614. By Mr. ROGERS: Petition of Harvard Post, No. 119, American Legion, Worcester, Mass., favoring immediate action on the legion fourfold optional bill; to the Committee on Ways and Means.

3615. By Mr. ROWAN: Petition of president of the parents' association public school No. 93, George Lickel, Eva Hat Manufacturing Co., Lillian E. Brocker, and W. Hanrahan, all of New

York City, favoring higher pay for postal employees; to the Committee on the Post Office and Post Roads.

3616. Also, petition of sundry citizens of the nineteenth congressional district of New York, favoring the freedom of Ireland, and Anna Michell Upjohn, of New York, regarding relief of Armenia; to the Committee on Foreign Affairs.

3617. Also, petition of Charles Francis Press, of New York, N. Y., protesting against the passage of the Thompson bill, a tax on advertising; to the Committee on Ways and Means.

3618. By Mr. TAGUE: Petition of Franklin H. Giddings, regarding increased pay for rural carriers; to the Committee on the Post Office and Post Roads.

3619. Also, petition of Lovell & Covel Co., regarding 1-cent drop-letter postage; to the Committee on the Post Office and Post Roads.

3620. By Mr. THOMPSON: Petition of sundry citizens of Bryan, Melbers, and Fremont, Ohio, favoring the passage of the Raker bill, House bill 1112, known as the parole of Federal prisoners bill; to the Committee on the Judiciary.

## SENATE.

FRIDAY, May 14, 1920.

(Legislative day of Tuesday, May 11, 1920.)

The Senate met at 12 o'clock noon, on the expiration of the recess.

## NAMING A PRESIDING OFFICER.

The Secretary (George A. Sanderson) read the following communication:

UNITED STATES SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, D. C., May 14, 1920.

To the SENATE:

Being temporarily absent from the Senate, I appoint Hon. SELDEN P. SPENCER, a Senator from the State of Missouri, to perform the duties of the Chair this legislative day.

ALBERT B. CUMMINS,  
President pro tempore.

Mr. SPENCER thereupon took the chair as Presiding Officer for the legislative day.

## CALLING THE ROLL.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Reading Clerk called the roll, and the following Senators answered to their names:

Ashurst	Glass	McKellar	Simmons
Ball	Gronna	McNary	Smith, Ariz.
Borah	Hale	Moses	Smith, Md.
Brandegee	Harris	Myers	Smith, S. C.
Calder	Harrison	Nelson	Smoot
Capper	Henderson	Norris	Spencer
Chamberlain	Jones, N. Mex.	Nugent	Stanley
Comer	Jones, Wash.	Overman	Sterling
Culberson	Kellogg	Owen	Swanson
Curtis	Kendrick	Phipps	Thomas
Dial	Kenyon	Pittman	Trammell
Edge	Keyes	Pomerene	Underwood
Elkins	King	Ransdell	Walsh, Mass.
Fernald	Lodge	Reed	Walsh, Mont.
Gay	McCormick	Robinson	Warren
Gerry	McCumber	Sheppard	Williams

Mr. GRONNA. I desire to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is absent, due to illness. I ask that this announcement may stand for the day.

Mr. GERRY. The Senator from California [Mr. PHELAN], the Senator from Tennessee [Mr. SHIELDS], and the Senator from Maryland [Mr. SMITH] are absent on official business.

The PRESIDING OFFICER. Sixty-four Senators have answered to their names. The Senate resumes the consideration of House joint resolution 327.

## TERMINATION OF WAR WITH GERMANY.

The Senate, as in Committee of the Whole, resumed the consideration of the joint resolution (H. J. Res. 327) terminating the state of war declared to exist April 6, 1917, between the Imperial German Government and the United States, permitting on conditions the resumption of reciprocal trade with Germany, and for other purposes.

Mr. STERLING. I ask unanimous consent that the Senate proceed to the further consideration of the conference report on the civil-service retirement bill.

Mr. LODGE. Before that request is put, I wish to state that I do not think, under the unanimous-consent agreement, we can take up any outside matter while there is anyone here who

desires to speak upon the pending measure. I understand that one of the Senators desires to speak upon it.

Mr. STERLING. I understand that the Senator from Missouri [Mr. REED] desires to speak on the pending measure, but I hoped that he would yield long enough that we might dispose of this conference report.

The PRESIDING OFFICER. The Chair understands that objection is made to the request of the Senator from South Dakota.

Mr. LODGE. A motion to take up the conference report would set aside the business of the unanimous consent. Certainly, nothing can be done in the way of other business except by unanimous consent.

The PRESIDING OFFICER. The Chair understood that objection had been made to the request of the Senator from South Dakota, and therefore the request has failed.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11927) to increase the efficiency of the personnel of the Navy and Coast Guard through the temporary provision of bonuses or increased compensation.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12272) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1921; recedes from its disagreement to the amendment of the Senate numbered 249 to the bill and agrees to the same with an amendment, in which it requested the concurrence of the Senate; insists on its disagreement to the amendments of the Senate numbered 93 and 116; asks a further conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. HAUGEN, Mr. McLAUGHLIN of Michigan, and Mr. LEE of Georgia managers at the further conference on the part of the House.

The message further announced that the Speaker of the House had signed the following enrolled bills, and they were thereupon signed by the Presiding Officer:

S. 2448. An act for the relief of certain officers of the United States Army, and for other purposes; and

H. R. 9944. An act authorizing the Secretary of the Treasury to accept on behalf of the United States the donation by Sedgwick Post, No. 10, Grand Army of the Republic, of its memorial hall property in Bedford, Taylor County, Iowa, for Federal building purposes.

#### PETITIONS AND MEMORIALS.

Mr. CAPPER presented a memorial of sundry citizens of McPherson, Kans., remonstrating against universal military training and praying for the enactment of legislation providing for physical education, which was ordered to lie on the table.

He also presented a memorial of Cottage Hill Union, No. 801, Farmers' Educational and Cooperative Union of America, of Waterville, Kans., remonstrating against the enactment of legislation imposing an additional tax on farm lands, which was referred to the Committee on Finance.

He also presented a memorial of the Board of Commerce of Wichita, Kans., remonstrating against the passage of the so-called Steagall bill legalizing exchange charged on bank checks, which was referred to the Committee on Banking and Currency.

#### ARMY APPROPRIATIONS.

Mr. WADSWORTH. From the Committee on Military Affairs, I report back favorably with amendments the bill (H. R. 13587) making appropriations for the support of the Army for the fiscal year ending June 30, 1921, and for other purposes, and I submit a report thereon. I give notice that on Monday next if an opportunity presents itself I shall ask the Senate to take up the bill for consideration.

The PRESIDING OFFICER. The bill will be placed on the calendar.

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SWANSON:

A bill (S. 4377) authorizing the Secretary of War to donate to the Sandy Point Civic League, Tettington, Va., one cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. CALDER:

A bill (S. 4378) conferring jurisdiction upon the United States Court for the Southern District of New York to hear

and determine the claim of the owner of the French auxiliary bark *Quevilly* against the United States, and for other purposes; to the Committee on Claims.

A bill (S. 4379) granting a pension to Margaret L. Burns; to the Committee on Pensions.

By Mr. RANDELL:

A bill (S. 4380) for the relief of Captain C. Newton, jr.; to the Committee on Claims.

By Mr. KNOX (for Mr. PENROSE):

A bill (S. 4381) for the relief of certain officers in the Army of the United States, and for other purposes; to the Committee on Military Affairs.

A bill (S. 4382) granting an increase of pension to Cecilia McCullough (with accompanying paper); to the Committee on Pensions.

By Mr. SPENCER:

A bill (S. 4383) granting an increase of pension to John P. Wright; to the Committee on Pensions.

By Mr. STERLING:

A bill (S. 4384) for the relief of William Casey; to the Committee on Claims.

By Mr. KING:

A bill (S. 4385) to amend the act entitled "An act to protect trade and commerce against unlawful restraints and monopolies," approved July 2, 1890; to the Committee on the Judiciary.

By Mr. McCUMBER:

A joint resolution (S. J. Res. 197) authorizing the Secretary of the Interior to extend the time for the payment of annual installments on the purchase price for land in the Cheyenne River and Standing Rock Indian Reservations; to the Committee on Public Lands.

#### AMENDMENTS TO SUNDRY CIVIL APPROPRIATION BILL.

Mr. CURTIS submitted an amendment relative to the salaries of clerks and stenographers, from and including July 1, 1920, etc., intended to be proposed by him to the sundry civil appropriation bill; which was referred to the Committee on Appropriations and ordered to be printed.

Mr. GAY submitted an amendment proposing to appropriate \$40,000 for a post-office and courthouse building at New Orleans, La., intended to be proposed by him to the sundry civil appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

He also submitted an amendment proposing to appropriate \$135,000 for the enlargement, extension, etc., of the United States post-office and courthouse building at Alexandria, La., intended to be proposed by him to the sundry civil appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

Mr. JONES of New Mexico submitted an amendment proposing to appropriate \$80,000 for the completion and equipment of the post-office building at East Las Vegas, N. Mex., etc., intended to be proposed by him to the sundry civil appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

#### FREIGHT CONGESTION.

Mr. REED. I ask unanimous consent to submit a resolution, which I ask to have read to the Senate. I think it will involve no debate at all.

The PRESIDING OFFICER. If there is no objection, the Secretary will read the resolution.

The resolution (S. Res. 362) was read, as follows:

*Resolved*, That the Interstate Commerce Commission is hereby directed to furnish at the earliest possible date information to the Senate showing the causes for the present freight congestion in the principal cities of the United States and what efforts have been taken or are being taken or should be taken to relieve the present congested condition and to promptly move the freight tendered to the railroads.

Mr. REED. Mr. President, I offer this resolution because I know that a very serious freight congestion exists. My information is that it is chiefly at some 15 principal American cities. The Interstate Commerce Commission has the matter under consideration, and there are reasons why this resolution should be passed and that the information the Interstate Commerce Commission may have may be laid before the Senate. I therefore ask unanimous consent for the present consideration of the resolution.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution.

The resolution was considered by unanimous consent and agreed to.

#### TEXTILE ALLIANCE (INC.).

Mr. THOMAS. Mr. President, last week in discussing the dyestuffs bill I made some references to the Textile Alliance (Inc.). I am this morning in receipt of a letter from the



secretary of that association taking exception to some of my assertions. I think it is but fair that the letter should be inserted in the RECORD, and therefore ask unanimous consent to have that letter inserted in the RECORD with a copy of an accompanying letter from the Department of State.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

TEXTILE ALLIANCE (INC.),  
New York, May 13, 1920.

The Hon. CHARLES S. THOMAS,  
United States Senate, Washington, D. C.

DEAR SIR: We have to-day received a copy of the CONGRESSIONAL RECORD of May 8 which contains a report of your speech on that date in the matter of the dye bill. There are inaccuracies or errors in the speech which we feel that we must without delay call to your attention.

The Textile Alliance (Inc.) is not "the moving power behind the dye bill"; it is not "the inspiration of the dye bill"; it is not "charged with the duty of securing dyes that are absolutely indispensable to the textile industry of this country," and it was in no respect whatever responsible for the statement made by witnesses before the Senate or other committee that Germany during the war had accumulated 250,000 tons of dyestuffs.

As a matter of fact the Textile Alliance (Inc.) is acting purely as an administrative agency for and at the request of the War Trade Board Section of the Department of State, and its relations with this department are shown by the inclosed copies of letters from it dated September 29, 1919, and October 10, 1919. In this respect the agency selected might equally well have been the American Express Co. or other profit-making corporation.

It has had no part whatever in the effort to secure protection for the American dye industry other than to present a statement to the committee of the House of Representatives in refutation of erroneous statements made regarding its functions and actions. Its officers have even refrained from the free expression of their personal opinion.

It is also incorrect to say that not a pound of dye can be received in this country excepting through the Textile Alliance (Inc.). In proof of this statement we beg to refer you to the War Trade Board Section of the Department of State, which has issued licenses in amounts unknown to the Textile Alliance (Inc.) for the import of dyes through other sources, and in particular we call your attention to the following shipment recently published in the Journal of Commerce and Commercial Bulletin, of New York, April 28:

Inward manifests, Hamburg-American steamer *Carib*. Grasselli Chemical Co., 374 casks alizarin.

For your further information we beg to state that the Textile Alliance (Inc.) is a membership corporation, organized under the laws of New York State. The voting members are the designated representatives of the principal textile trade associations, excepting that one representative is designated by a committee of a trade in which there is no comprehensive organization. It is incapable of making or retaining a profit. All of its activities during the war on behalf of the United States Government have been performed at cost, and, with the exception of the general manager, secretary, and treasurer, no officer, director, or member of the committee receives a salary or other compensation.

In view of the injustice that you have done to this organization, we request that you will correct the erroneous statements in your speech.

Yours, very truly,

TEXTILE ALLIANCE (INC.).  
WILLIAM B. DENTON,  
Secretary.

DEPARTMENT OF STATE,  
Washington, September 29, 1919.

Mr. A. M. PATTERSON,  
President Textile Alliance (Inc.), New York.

SIR: Negotiations are now being carried on in Paris by the representatives of the allied associated Governments for the purpose of securing the early delivery of German dyes at prices similar to those described in annex 6 of part 8 of the treaty of peace with Germany. For your convenience there is inclosed herewith a copy of War Trade Board Ruling 819, in which the provisions of annex 6 are set forth in full. The War Trade Board section of the Department of State has determined to permit the importation of vat dyes from Germany in quantities sufficient to supply the requirements of the consumers of the United States for six months' period, October 1, 1919, to April 1, 1920; and it may be desirable that manufacturers in

the United States be enabled to avail themselves of the benefits of such plan as may result from the current negotiations in securing the above-mentioned quantities of vat dyes. To bring this about it would be necessary to designate a central agency, to act as an intermediary between the consumers of dyes in the United States and the allied authorities from or through whom the dyes are to be secured. The Department of State would be prepared to designate the Textile Alliance (Inc.) as such agency to perform the following services under the terms and conditions hereinbelow set forth:

1. The War Trade Board section of the Department of State will issue allocation certificates to consumers in the United States, stating that said consumers are entitled to secure the importation from Germany of vat dyes specified in such certificates.

2. The War Trade Board section of the Department of State would advise consumers of such arrangements as may result from current negotiations and will also inform them that the Textile Alliance (Inc.) has been designated to act in the capacity described in this letter.

3. The Textile Alliance (Inc.) will accept from consumers holding the above-mentioned allocation certificates orders for vat dyes in amounts not exceeding amounts specified in such certificates.

4. The prices to be paid for the dyes so ordered will be the prices agreed upon in Paris and communicated to the Textile Alliance (Inc.) by its representative in Paris hereinafter mentioned in paragraph No. 5. The terms and method of payment for all dyes ordered through the Textile Alliance (Inc.) will be prescribed by the Textile Alliance (Inc.) to accord with such arrangements as may result from the pending negotiations, and they will be subject to the approval of the War Trade Board section and subject also to the conditions hereinbelow in paragraph No. 6 contained.

5. The Textile Alliance (Inc.) will send a representative to Paris. Said representative will receive by cablegram from the Textile Alliance (Inc.) complete information as to the dyes which have been ordered through the alliance as described above, and he will place these orders with or through the allied authorities and will attend to all the details connected with the acquisition of, and payment for, the dyes and their shipment to the Textile Alliance (Inc.) for distribution to the consumers who have ordered them. In all these matters the representative of the alliance will receive the cooperation and advice of Dr. Charles H. Hertzy, who is now in Paris as a representative of the War Trade Board section.

6. The Textile Alliance (Inc.) will be entitled to charge a commission for the services rendered by it, which commission shall be sufficient to defray all expenses incurred in carrying out the plan and performing the acts described in this letter; but it is to be understood that the alliance will not retain any profits arising out of this transaction and that any overplus remaining out of commissions collected, after the payment of all expenses, will be distributed pro rata among the consumers by whom such commissions shall have been paid.

The department desires to be advised at an early date whether the Textile Alliance (Inc.) would be willing to perform the services described in this letter, provided the situation would seem to make such an arrangement desirable.

I am, sir, your obedient servant,

WILLIAM PHILLIPS,  
Acting Secretary of State.

DEPARTMENT OF STATE,  
Washington, October 10, 1919.

The TEXTILE ALLIANCE (INC.).  
New York.

GENTLEMEN: Referring to the department's letter of September 29 setting forth the proposal that the Textile Alliance (Inc.) should be designated as the agency to effect the importation and distribution of German dyes proposed to be secured as a result of negotiations then being conducted in Paris, and referring also to your letter of October 2, in which you inform the department that the Textile Alliance (Inc.) was prepared to act in the capacity aforesaid (subject to an exception which has since been withdrawn), the plan outlined in the first-mentioned letter has been finally completed in all substantial respects; and accordingly the Textile Alliance (Inc.) is hereby designated as the agency to effect the importation and distribution of German dyes under the conditions set forth in the above-mentioned letter of September 29, 1919.

The supervision of the operations of the above-mentioned plan will be conducted for the department by the War Trade Board section, and you are requested to consult with the chief of said section with respect to all further arrangements neces-

sary for the consummation of the purchase, importation, and distribution of dyes which will be secured under said plan.

I am, gentlemen, your obedient servant,

WILLIAM PHILLIPS,  
Assistant Secretary.  
(For the Secretary of State.)

#### INSCRIPTIONS ON ARLINGTON AMPHITHEATER.

Mr. SMITH of South Carolina. Mr. President, I have two telegrams in reference to the names of Lee and Jackson being inscribed on the amphitheater at Arlington, which I ask may be printed in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

Senator E. D. SMITH,  
Washington, D. C.:

Urge you to use your influence to have names of Lee and Jackson carved on amphitheater at Arlington.

JULIUS H. WALKER,  
State Commander American Legion, South Carolina.

ST. MATTHEWS, S. C., May 10, 1920.

Hon. E. D. SMITH,  
United States Senate, Washington, D. C.:

On behalf of Calhoun County Post, American Legion, at full meeting to-day, we wish to enter strongest protest against elimination of names of Lee and Jackson from list of American heroes to be carved on marble columns, Memorial Amphitheater, in Arlington National Cemetery. Action contemplated is not only extremely unjust to sons and grandsons of men who followed Lee and Jackson and Grant and Sherman, and who gave their lives side by side in great World War, but it is most unfortunate just at this time, when a friendly spirit of broad patriotism is manifest throughout our country. We feel in our protest we voice not only the sentiment of every southern State, but all broad-minded men of Nation.

GEORGE W. WANAMAKER, JR.,  
Commander Calhoun County (S. C.) Post, American Legion.

#### TERMINATION OF WAR WITH GERMANY.

The Senate, as in Committee of the Whole, resumed the consideration of the joint resolution (H. J. Res. 327) terminating the state of war declared to exist April 6, 1917, between the Imperial German Government and the United States, permitting on conditions the resumption of reciprocal trade with Germany, and for other purposes.

[Mr. REED addressed the Senate. See Appendix.]

Mr. KING. Mr. President, I suggest the absence of a quorum. The PRESIDING OFFICER. The absence of a quorum being suggested, the Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Gronna	Nelson	Smith, S. C.
Borah	Harris	New	Smoot
Brandegee	Harrison	Norris	Spencer
Calder	Jones, N. Mex.	Nugent	Stanley
Capper	Jones, Wash.	Overman	Swanson
Chamberlain	Kendrick	Page	Thomas
Cole	Kenyon	Phelan	Townsend
Culberson	King	Pomerene	Trammell
Curtis	Knox	Ransdell	Underwood
Dial	Lodge	Reed	Wadsworth
Dillingham	McCormick	Sheppard	Walsh, Mass.
Edge	McCumber	Shields	Warren
Fernald	McKellar	Simmons	
Gay	McNary	Smith, Ariz.	
Glass	Myers	Smith, Md.	

Mr. CURTIS. I have been requested to announce that the Senator from Maine [Mr. HALE], the junior Senator from New Hampshire [Mr. KEYES], the Senator from Colorado [Mr. PHIPPS], and the senior Senator from New Hampshire [Mr. MOSES] are detained on committee work.

The PRESIDING OFFICER. Fifty-seven Senators having answered to their names, there is a quorum present.

#### LEGISLATIVE, ETC., APPROPRIATIONS—VETO MESSAGE.

Mr. SMOOT. Mr. President, yesterday the President saw fit to veto the legislative appropriation bill, and based his veto on his objection to section 8, relative to the printing, mimeographing, or multigraphing of Government periodicals. This section was proposed by me as chairman of the Joint Committee on Printing in accordance with the following recommendation which that committee made to Congress in its recent report on Government periodicals and field printing (S. Doc. 265, 66th Cong., p. 10):

The committee further recommends that it be given general supervision over all Government publications so as to bring about much-needed coordination in Government printing, and that the committee be empowered to pass on the publication or discontinuance of all Government journals, magazines, and periodicals from time to time instead of having the same specifically provided for by law. It is believed this supervision should be vested in some body not connected with any particular department of the Government, and, from the work it has already done in this connection, the committee is of the opinion that the authority may as well be intrusted to it as to any other governmental agency.

The efforts of the Joint Committee on Printing the past year to effect substantial economies in the public printing and binding have been bitterly opposed by some Government officials and denounced by certain outside influences. These outside influences have reaped substantial personal profits from Government publications. Such abuses, which involved the direct appropriation of public property to private use, were exposed by the report which the Joint Committee on Printing submitted to Congress. Since that report was made public certain influences, both within and without the departments, have left no stone unturned to assail and undermine the work of the committee.

One of the influences to which I refer is Roger W. Babson, who, on his retirement from a \$5,000 Government position in the Department of Labor, took over the Bulletin from the Committee on Public Information without any compensation whatever to the Government. This transaction was revealed to the public in the report of the committee.

Babson, in a letter to me under date of April 16, 1920, protested against the committee's report and expressed his bitter opposition to the section on which the President bases his veto, and declared that he intended to become the "protector of the departments in Washington against those who are attempting to gag or censor them." It is evident, therefore, that Babson has made use of the President or his advisers in carrying out his threat and "determination to end" the censorship which, without the least foundation, he has charged against the committee.

The President or his advisers have been most grievously misled in this veto. I am sure the President did not understand the situation when he vetoed the bill. Here is the real situation that exists:

The legislative bill passed by the Sixty-fifth Congress and approved by the President on March 1, 1919, contained a provision that thereafter no Government journal, magazine, periodical, or similar publication shall be printed unless "specifically authorized by Congress," but added that such publications as were then being printed might, in the discretion of the Joint Committee on Printing, be continued until the close of this session of Congress, when—and I quote from the law itself—"if authority for their continuance is not then granted by Congress, they shall not thereafter be printed."

Under this authority from Congress, which was approved by the President, the Joint Committee on Printing undertook a careful investigation of all Government periodicals, the result of which is set forth in its report submitted on April 12, 1920. This report showed that 266 journals, magazines, and periodicals were being published by various branches of the Government at a cost of approximately \$2,500,000 per annum.

As a result, either of the regulations adopted by the committee or the voluntary acts of the departments themselves, 111 of these publications, costing approximately \$1,200,000 per annum, have been discontinued. This leaves 155 publications, the continuance of which was authorized by the committee until the end of this session of Congress, which is the extent of the authority that the committee has under the present law.

Nearly all of these 155 publications, which include many of the most important issued by the Government, particularly those relating to agriculture, commerce, and labor, will automatically go out of existence at the end of this session of Congress unless they shall have been specifically authorized by Congress in the meantime. In view of the large number of these publications and in order to make sure of their continued publication, the committee proposed section 8 to the legislative bill vetoed by the President. The chief purpose of this section was to give the Joint Committee on Printing power to permanently authorize these publications. It appeared entirely impractical for Congress itself to go into the merits of each one of the 155 or more periodicals, and the committee, therefore, felt that its proposal was in the interest of the publications themselves and not for the purpose of censoring or suppressing them.

The fact is that if the President is really seeking to relieve the departments from any restrictions on their printing by Congress he ought to examine the provision that is annually contained in the sundry civil appropriation act. That provision is far more drastic than that proposed in either section 11, which he approved on March 1, 1919, or in section 8 of the bill just vetoed by him.

The provision I refer to is to be found on page 173 of the sundry civil bill, H. R. 13870, which has just passed the House. Similar provisions have been contained in the sundry civil acts for many years. It provides that no money appropriated for printing or binding for any executive departments shall be expended for any printing "except such as shall be certified in writing to the Public Printer by the respective heads or chiefs thereof to be necessary to conduct the ordinary and routine



business required by law of such executive departments or establishments of the Government."

The provision also states that "all other printing required or deemed necessary or desirable by heads of executive departments or other establishments or offices or bureaus thereof shall be done only as Congress shall from time to time authorize." By this provision none of the periodicals which have been continued under section 11 could have otherwise been published at all if the law had been complied with by the departments.

I observe that the President says he is in entire sympathy with the efforts of Congress and the departments to effect economies in printing and in the use of paper and supplies, but that he does not believe such a provision as this should become law. I am very glad, indeed, that the President is in sympathy with the efforts to effect economies in printing, and I only wish that his sympathies in this regard might find some substantial evidence on his part or some act of some of his chief executive officers showing their belief in economy.

Everyone, with the possible exception of some Government officials who seem to have deliberately blinded themselves, knows the critical situation the country is in as regards its supply of paper. This shortage of paper has seriously affected the Government. We do not know from day to day whether we will have enough paper at the Government Printing Office to publish the next day's CONGRESSIONAL RECORD, or even a sufficient supply to print presidential vetoes.

Under date of February 16, 1920, this situation was again called to the attention of the departments by the committee. They were then advised that the Government Printing Office may soon be without sufficient paper to print even such publications as may be really necessary to the Government business. All the heads of the departments and other establishments of the Government were requested to at once advise the committee as to what publications might be suspended, at least temporarily, in order to conserve the rapidly diminishing supply of paper for such printing as was absolutely essential.

To this request the committee received substantially no responses from the departments that were of any practical value whatever. Some of the departments seemed insistent upon continuing their mad orgy of printing in utter disregard of the fact that the paper supply of the Government may soon come to an end. As a matter of fact, some of the heads of the departments even had the boldness to propose increased expenditures for printing rather than to submit to any economies at this time.

For example, the Secretary of Agriculture, who had just come into office, proposed to the committee that the covers of Farmers' Bulletins be printed in variegated colors like Joseph's coat at an increased cost of three or four times the present price of printing such covers in black and white. I hold a sample in my hand [exhibiting].

The Secretary of Agriculture further proposed that the distribution of Farmers' Bulletins be placed entirely in the hands of his department instead of four-fifths of them being allotted to Members of Congress. I call to your attention the fact that the Department of Agriculture during the past two years turned over nearly 1,000,000 copies of its publications to one private individual, who thus assumed for his advantage the distribution of publications for which employees of the Department of Agriculture are paid. If Congress should also turn over to the Department of Agriculture the distribution of bulletins which are now allotted to its Members, what assurance have we that that department will not in turn deliver these publications in bulk to some private individual who may thereby profit from the work which Members of Congress are now glad to undertake freely for their constituents?

The President cites as an example of the administrative authority by the Joint Committee on Printing to which he objects the resolution which it adopted on April 2, 1920, directing that the free distribution of Government publications to any private individual, corporation, or agency be restricted to lots of not exceeding 50 copies, without application to the Joint Committee on Printing. This resolution was adopted for the very purpose of checking the abuse to which I have just referred. The committee found that from January 5, 1898, to February 19, 1920, three Government departments alone had furnished 1,319,495 Government publications to a single private individual.

I do not believe that anyone who has the real interest of the Government and the public at heart can object to such a regulation checking a flagrant misuse of Government publications.

The President also calls attention to a letter which I, as chairman of the Joint Committee on Printing, addressed to the Public Printer under date of March 19, 1920, replying to a request from the Public Printer for a ruling by the committee as to the application that should be made of section 89 of the printing

act of 1895 which restricts the printing of reports, publications, and documents to 1,000 copies each unless otherwise authorized by Congress.

The committee had ascertained, upon investigation, that this section of law restricting printing had been almost utterly ignored by the departments for many years. As a result of this deliberate violation of the law, the departments have been continually appealing to Congress for deficiency appropriations to provide for their printing excesses.

The report of the Joint Committee on Printing shows that in three years departmental officials had more than 30,000,000 copies of their speeches printed at the Government Printing Office at a cost of \$109,066.35. These speeches and the envelopes used in mailing them required a total of approximately 1,500,000 pounds of paper. Including the cost of printing, envelopes, and the transportation in the mails, the speeches of these officials cost the Government \$442,798.73. All of this was charged to the Public Treasury.

In contrast to this procedure by speech-making officials of the departments, it is but fair to point out that Members of Congress are required by law to pay out of their own funds the actual cost of printing all speeches distributed by them.

Another abuse which prompted the committee to call the Public Printer's attention to the gross violation of the 1,000-copy law was a so-called Health Almanac, of which the Public Health Service printed 100,000 copies at a cost of \$2,929.46. I observe in its calendar for May that a notable event to be commemorated on May 30 is the fact that Surg. Gen. Rupert Blue was born on that day. To most of us this day is sacred as Memorial Day, but the Health Service calendar designates it as "Decoration Day," a term which is objected to by the true friends and relatives of those who sacrificed their lives on the field of battle.

A similar calendar was also printed in large numbers by the Bureau of Mines. In the Bureau of Mines calendar the "historical event" proposed to be commemorated on August 27 is the fact that Van. H. Manning was made Director of Mines on that date. The "historic event" as noted for December 15 is the fact that Mr. Manning was born on that date. I nearly overlooked the fact that the "historical event" printed for January 27 is that Samuel Gompers was born on that date. All of these, of course, are events of great historical significance, and I presume that in due time we will have bills proposed declaring them public holidays.

The last proviso of section 8, to which the President objects, is that making the law regulating Government periodicals apply also to mimeographing, multigraphing, and other processes used for the duplication of typewritten and printed matter, other than official correspondence or office records. The President says that under this provision the committee apparently will have power, for example, to prevent even the making of carbon copies of anything other than official correspondence and office records. I believe if the President had taken time to read section 11 of the act which he approved on March 1, 1919, in connection with section 8 of the legislative bill, he would never have made any such statement.

The sole purpose of the committee in proposing this provision was to meet a situation that has recently developed in the departments from the installation of large numbers of mimeographing and multigraphing machines. To evade the restrictions placed upon printing, some of the departments have undertaken to mimeograph or multigraph publications that in all common sense and due regard for economy ought to be printed. A preliminary investigation of such work by the departments in Washington shows that there are now nearly 100 duplicating and mailing units in the departments themselves outside of the Government Printing Office. These units contain nearly 500 duplicating machines, such as mimeographing and multigraphing, 265 mailing devices, at a total cost of approximately \$300,000, and that they employ 428 persons at an annual salary roll of \$433,000. If there is to be any supervision over departmental printing at all, it should include such substitute processes for printing.

I have here a few samples of periodicals that are now being mimeographed and multigraphed by the departments. For instance, here is the Quartermaster Service News for February, containing 62 mimeographed pages. Here is a bulletin issued by the Recruiting Publicity Bureau, of New York City, with a colored cover inclosing 24 pages of mimeographed work. Similar, also, are copies of the Army Recruiting News and various other publications which I have before me.

Mr. President, when 155 publications were ordered discontinued by the Joint Committee on Printing, what did some of the departments do? Did they stop issuing the periodical or magazine? No; they were issued just the same but were not

printed; they were lithographed or mimeographed, costing the Government of the United States twice as much as they did before. But what do some officials care about a law Congress passes?

Mr. President, the time will come when an announcement that one is in sympathy with reforms will be understood by the people of the United States as meaning that the practices of the past and all the wicked waste on the part of the departments may go on unmolested. If Congress undertakes to pass legislation to prevent wicked waste or economize, some official will make the statement that he is in sympathy with the reform but does not like the legislation. If it reduces expenditures or limits appropriations, of course he does not like the legislation. Officials, with few exceptions, never do, for it interferes with the sweet will of the Government spenders. I know one thing. The time will come when the American people will see that a change is made. The taxpayers of this country are not going to allow this practice to continue, and Representatives or Senators who stand in the way of reforms of this character will hear from their constituents as soon as their constituents understand the situation.

Mr. President, since the committee began its investigation of mimeographing and multigraphing it has acquired a stack of exhibits of such work which would reach almost to the gallery of this Chamber if displayed in a pile, and that does not begin to cover the mass of such stuff with which the departments have swamped the mails and the newspaper offices of the country.

Since I made my last statement on the floor of the Senate in relation to the waste of print paper, I have received mail of every character from every part of the United States, from people sending me Government publications and telling me that they have been receiving them for years; that all they do with them is to throw them in the wastebasket, and pleading with me to see that the sending is discontinued. I do not believe there is a Senator who has not had similar experience.

For instance, I have here a so-called "Memo for the press," which the Secretary of the Navy issued to the newspapers last night, covering the statement which he expects to make to the Senate Subcommittee on Naval Affairs this afternoon. Without discussing the propriety of a witness sending out advance copies of testimony that he expects to give before a committee, I do not hesitate to say that there is not a newspaper in the country that could print one-tenth of the 61-page "memo" which the Secretary of the Navy has submitted to the press for release "after he begins his fifth day's testimony."

The Comptroller of the Currency is also flooding the country with letters and circulars bombastically setting forth his marvelous administration of the banks. Not content with sending me one copy here in Washington, he also addressed a duplicate to Provo, with a request that an "answer would be appreciated."

The President bases his objection to section 8 on the further ground that it is an interference by the legislative branch of the Government on particularly departmental or administrative matters. In this he entirely overlooks the fact that the Joint Committee on Printing is not a committee of Congress as such but is a separate and distinct statutory body, and almost analogous to the Civil Service Commission or any other independent establishment of the Government. The membership and duties of the joint committee are fixed by law as set forth in the printing act of January 12, 1895. For many years, and without question heretofore, the committee has exercised many duties relating to printing for the departments as well as for Congress. The act of 1895 provides that the joint committee shall fix upon standards and award contracts for paper for printing for all branches of the Government service. The printing of the Agricultural Yearbook, prepared by the Department of Agriculture itself, is placed under the direction of the Joint Committee on Printing, as is also all printing for the Patent Office. The law also provides that even the annual reports of the executive offices shall be printed in a certain form unless otherwise provided by the Joint Committee on Printing.

As a matter of fact, the Government Printing Office was established by Congress as a congressional printing office. The printer was at first elected by both Houses of Congress, and was called the Congressional Printer. After a time some question was raised as to the constitutionality of Congress electing the printer, and his appointment was then vested in the President and the title changed to the Public Printer, but it does not appear that this was done with any intention by Congress of relinquishing its control over the Government Printing Office.

Further than the power of appointment, the President does not appear to have any control over the Public Printer, who makes his report direct to Congress. The printing act of 1895 and the many amendments to that law vest the Joint Committee on Printing with substantially the authority of a board of directors for the Government Printing Office. Its jurisdiction as such has never heretofore been questioned by any administration or any Congress.

Even the present building occupied by the Government Printing Office was erected by the Public Printer under the direction of the Joint Committee on Printing, as provided by law—Twenty-eighth Statute at Large, page 420—and the site it occupies was acquired by the committee under authority of a concurrent resolution of the Fifty-second Congress.

I am of the firm opinion, therefore, that the President has been deliberately misinformed concerning the duties and purposes of this committee, and that his advice did not come from qualified officers in the executive departments, but rather from outside influence, to which I have already referred. I shall take occasion in the very near future to advise the public as to the character of this influence.

The VICE PRESIDENT resumed the chair.

#### EDUCATIONAL SYSTEM AT WEST POINT.

Mr. SPENCER. Mr. President, I ask to have printed in the Record a letter from Mr. George M. Brown, of St. Louis, Mo., relative to the educational system at West Point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

#### CERTAIN-TEED PRODUCTS CORPORATION.

St. Louis, U. S. A., May 11, 1920.

HON. SELDEN P. SPENCER,

United States Senate, Washington, D. C.

MY DEAR SENATOR: Yesterday's paper reported that Dr. Eliot, of Harvard, had complained of the educational system at West Point, and gave as proof the failure of West Point men during the war.

I wish to make an earnest protest against this claim of Dr. Eliot, both in regard to any failure of West Point men during the war and further in regard to the educational system at West Point.

As you will probably remember, I graduated at West Point in the class of 1890 and resigned after two years to enter business. In my business experience, which is extended throughout the world with this company, and is also extended to other various business interests, various patriotic organizations, war work, charity work, etc., I have come in contact with every kind of employer and employee and in contact with all kinds of people, both in public and private life.

As an employer we have dealt with graduates of practically all the well-known colleges. We have a number of Harvard men in the business, my son-in-law, Mr. R. M. Nelson, being a Harvard graduate and also secretary and treasurer of this business. My only son is a junior at Yale, so I am not lacking in appreciation of other colleges. I mean no disrespect to them when I go on record as saying I think there is no better line of education in any college than that given at West Point for meeting the problems which we must face in everyday life and under all sorts of conditions.

I will not undertake to go into many reasons for feeling this way—my letter would have to be too long—but I do want to appear to be able to qualify as having a right to pass on such a matter, and then to add my testimony in the most favorable way possible to the West Point system of education and to West Point as an institution, and of course I am very proud of the record the West Point men made during the war. Their losses in battle in percentage, I believe, were at high-water mark of any known class entering the war. I haven't the figures on this, but understand there are such figures available at West Point, and I am sure their losses were not sustained without a corresponding showing of good results.

I would greatly appreciate it if you could present West Point's case in some way in this matter. Having graduated at Yale yourself, it would be most appropriate if you can do this.

Very truly, yours,

GEO. M. BROWN.

#### PERSONNEL OF THE NAVY AND COAST GUARD—CONFERENCE REPORT.

Mr. PAGE submitted the following conference report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11927) to increase the efficiency of the personnel of the Navy and Coast Guard through the temporary provision of bonuses



or increased compensation having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following:

"That, commencing January 1, 1920, commissioned officers of the Army, Navy, Marine Corps, and Public Health Service shall be paid, in addition to all pay and allowances now allowed by law, increases at rates per annum as follows: Colonels in the Army and Marine Corps, captains in the Navy, and assistant surgeons general in the Public Health Service, \$600; lieutenant colonels in the Army and Marine Corps, commanders in the Navy, and senior surgeons in the Public Health Service, \$600; majors in the Army and Marine Corps, lieutenant commanders in the Navy, and surgeons in the Public Health Service, \$840; captains in the Army and Marine Corps, lieutenants in the Navy, and passed assistant surgeons in the Public Health Service, \$720; first lieutenants in the Army and Marine Corps, lieutenants (junior grade), acting assistant surgeons and acting assistant dental surgeons in the Navy, and assistant surgeons in the Public Health Service, \$600; second lieutenants in the Army and Marine Corps, and ensigns in the Navy, \$420: *Provided*, That contract surgeons of the Army serving full time shall receive the pay of a second lieutenant.

"Sec. 2. That the right and benefits prescribed under the act of April 16, 1918, granting commutation of quarters, heat, and light during the present emergency to officers of the Army on duty in the field are hereby continued and made effective until June 30, 1922, and shall apply equally to officers of the Navy, Marine Corps, Coast Guard, and Public Health Service: *Provided*, That such rights and benefits as are prescribed for officers shall apply equally for enlisted men now entitled by regulations to quarters or to commutation therefor.

"Sec. 3. That, commencing January 1, 1920, warrant officers of the Navy shall be paid, in addition to all pay and allowances now allowed by law, an increase at the rate of \$240 per annum.

"Sec. 4. That, commencing January 1, 1920, the pay of all enlisted men of the Army and Marine Corps and of members of the female Nurse Corps of the Army and Navy is hereby increased 20 per cent: *Provided*, That such increase shall not apply to enlisted men whose initial pay, if it has already been permanently increased since April 6, 1917, is now less than \$33 per month.

"Sec. 5. That all noncommissioned officers of the Army of grade of color sergeant and above as fixed by existing Army Regulations and noncommissioned officers of the Marine Corps of corresponding grades shall be entitled to one ration or commutation therefor in addition to that to which they are now entitled. The commutation value shall be determined by the President on July 1 of each fiscal year, and for the current fiscal year the value shall be computed on the basis of 55 cents per ration: *Provided*, That Army field clerks and field clerks Quartermaster Corps, whose total pay and allowances do not exceed \$2,500 per annum, shall be paid an increase at the rate of \$240 per annum: *Provided further*, That such Army field clerks and field clerks Quartermaster Corps, whose total pay and allowances exceed \$2,500 but do not exceed \$2,740 per annum, shall be paid such additional amount as will make their total pay and allowances not to exceed \$2,740 per annum: *Provided further*, That this section shall not be construed to reduce the pay and allowances of any Army field clerk or field clerk Quartermaster Corps.

"Sec. 6. That, commencing January 1, 1920, the following shall be the rate of base pay for each enlisted rating: Chief petty officers with acting appointments, \$99 per month; chief petty officers with permanent appointments and mates, \$126 per month; petty officers, first class, \$84 per month; petty officers, second class, \$72 per month; petty officers, third class, \$60 per month; nonrated men, first class, \$54 per month; nonrated men, second class, \$48 per month; nonrated men, third class, \$33 per month: *Provided*, That the base pay of firemen, first class, shall be \$60 per month; firemen, second class, \$54 per month; firemen, third class, \$48 per month: *Provided further*, That the rate of base pay for each rating in the Naval Academy Band shall be as follows: Second leader, with acting appointment, \$99 per month, with permanent appointment, \$126 per month; drum major, \$84 per month; musicians, first class, \$72 per month; musicians, second class, \$60 per month: *Provided further*, That the base pay of cabin stewards and cabin cooks shall be \$84 per month; wardroom stewards and wardroom cooks, \$72 per month; steerage stewards and steerage cooks, \$72 per month; warrant officers' stewards and warrant officers' cooks, \$60 per month; mess attendants, first class, \$42 per month; mess at-

tendants, second class, \$36 per month; mess attendants, third class, \$33 per month: *Provided further*, That the retainer pay of those members of the Fleet Naval Reserve who, pursuant to call, shall return to active duty within one month after the approval of this act and shall continue on active duty until the Navy shall have been recruited up to its permanent authorized strength, or until the number in the grade to which they may be assigned is filled, but not beyond June 30, 1922, shall be computed upon the base pay they are receiving when retransferred to inactive duty, plus the additions or increases prescribed in the naval appropriation act approved August 29, 1916, for members of the Fleet Naval Reserve: *Provided further*, That the rates of base pay herein fixed shall not be further increased 10 per cent as authorized by an act approved May 13, 1908, nor by the temporary war increases as authorized by section 15 of the act approved May 22, 1917, as amended by the act approved July 11, 1919.

"Sec. 7. That the Secretary of the Navy is authorized, in his discretion, to readjust the prevailing rates of pay of civilian professors and instructors at the United States Naval Academy: *Provided*, That said readjustment, which shall be effective from January 1, 1920, shall not involve an additional expenditure in excess of \$55,000 for the remainder of the current fiscal year.

"Sec. 8. That commissioned officers, warrant officers, petty officers, and other enlisted men of the Coast Guard shall receive the same pay, allowances, and increases as now are, herein are, or hereafter may be prescribed for corresponding grades or ratings and length of service in the Navy; and the grades and ratings of warrant officers, chief petty officers, petty officers, and other enlisted persons in the Coast Guard shall be the same as in the Navy, in so far as the duties of the Coast Guard may require, with the continuance in the Coast Guard of the grade of surfman, whose base pay shall be \$70 per month: *Provided*, That the senior district superintendent, the three district superintendents next in order of seniority, the four district superintendents next below these three in order of seniority, and the junior five district superintendents shall have the rank, pay, and allowances of captain, first lieutenant, second lieutenant, and third lieutenant in the Coast Guard, respectively.

"Sec. 9. That nothing contained in this act shall be construed as granting any back pay or allowances to any officer or enlisted man whose active service shall have terminated subsequent to December 31, 1919, and prior to the approval of this act, unless such officers or enlisted men shall have been recalled to active service or shall have been reenlisted prior to the approval of this act.

"Sec. 10. That any enlisted man or apprentice seaman who shall reenlist in the Navy within one year from the date of his discharge therefrom shall, upon such reenlistment, be entitled to and shall receive the same benefits as are now authorized by law for reenlistment within four months from date of last discharge from the service: *Provided*, That this section shall become inoperative six months after the date of the approval of this act.

"Sec. 11. That, in lieu of compensation now prescribed by law, commissioned officers of the Coast and Geodetic Survey shall receive the same pay and allowances as now are or hereafter may be prescribed for officers of the Navy with whom they hold relative rank, as prescribed in the act of May 22, 1917, entitled 'An act to temporarily increase the commissioned and warrant and enlisted strength of the Navy and Marine Corps, and for other purposes,' including longevity; and all laws relating to the retirement of commissioned officers of the Navy shall hereafter apply to commissioned officers of the Coast and Geodetic Survey: *Provided*, That hereafter longevity pay for officers in the Army, Navy, Marine Corps, Coast Guard, Public Health Service, and Coast and Geodetic Survey shall be based on the total of all service in any or all of said services.

"Sec. 12. That hereafter when any commissioned officer, noncommissioned officer of the grade of color sergeant and above, including any noncommissioned officer of the Marine Corps of corresponding grade, warrant officer, chief petty officer, or petty officer (first class), having a wife or dependent child or children, is ordered to make a permanent change of station, the United States shall furnish transportation in kind from funds appropriated for the transportation of the Army, the Navy, the Marine Corps, the Coast Guard, the Coast and Geodetic Survey, and the Public Health Service to his new station for the wife and dependent child or children: *Provided*, That for persons in the naval service the term 'permanent station,' as used in this section, shall be interpreted to mean a shore station or the home yard of the vessel to which the person concerned may be ordered; and a duly authorized change in home yard or home port of such vessel shall be deemed a change of station: *Provided further*, That if the cost of such transportation exceeds that for transportation from the old to the new station the

excess cost shall be paid to the United States by the officer concerned: *Provided further*, That transportation supplied the wife or dependent child or children of such officer to or from stations beyond the continental limits of the United States shall not be other than by Government transport, if such transportation is available: *And provided further*, That the personnel of the Navy shall have the benefit of all existing laws applying to the Army and the Marine Corps for the transportation of household effects.

"SEC. 13. That the provisions of sections 1, 3, 4, 5, and 6 of this act shall remain effective until the close of the fiscal year ending June 30, 1922, unless sooner amended or repealed: *Provided*, That the rates of pay prescribed in sections 4 and 6 hereof shall be the rates of pay during the current enlistment of all men in active service on the date of the approval of this act, and for those who enlist, reenlist, or extend their enlistments prior to July 1, 1922, for the term of such enlistment, reenlistment, or extended enlistment: *Provided further*, That the increases provided in this act shall not enter into the computation of the retired pay of officers or enlisted men who may be retired prior to July 1, 1922: *And provided further*, That a special committee, to be composed of five Members of the Senate, to be appointed by the Vice President, and five Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives, shall make an investigation and report recommendations to their respective Houses not later than the first Monday in January, 1922, relative to the readjustment of the pay and allowances of the commissioned and enlisted personnel of the several services herein mentioned.

"SEC. 14. That nothing contained in this act shall operate to reduce the pay or allowances of any officer or enlisted man on the active or retired list: *Provided*, That the allowances and gratuities now authorized by existing law are not changed hereby, except as otherwise specified in this act.

"SEC. 15. That the appropriations 'Pay of the Navy, 1920,' and 'Pay, Marine Corps, 1920,' are hereby made available for any of the expenses authorized by this act, and any part or all of the appropriations 'Provisions, Navy, 1920,' and 'Maintenance, Quartermaster's Department, Marine Corps, 1920,' not required for the objects of expenditure specified in said appropriations, may be transferred to the appropriations 'Pay of the Navy, 1920,' or 'Pay, Marine Corps, 1920,' respectively, as may be required."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

C. S. PAGE,  
JOHN WALTER SMITH,  
HENRY W. KEYES,  
J. W. WADSWORTH, JR.,  
GEO. E. CHAMBERLAIN,

*Managers on the part of the Senate.*

THOMAS S. BUTLER,  
PATRICK H. KELLEY,  
FRED A. BRITTEN,  
L. P. PADGETT,  
D. J. RIORDAN,

*Managers on the part of the House.*

Mr. PAGE. I understand that the conference report received the unanimous sanction of the members of the conference committee of both Houses, and that when the matter was brought up in the House this morning it was agreed to without a single objection. It is an important measure and ought to receive immediate consideration. I ask unanimous consent that the Senate may consider the conference report at this time.

Mr. UNDERWOOD. I ask the Senator from Vermont if this is not also a report on the Army pay bill.

Mr. PAGE. It is.

Mr. UNDERWOOD. Does the Senator state that there was no difference between the conferees and that it is a unanimous report?

Mr. PAGE. It is a unanimous report on the part of the conferees of both Houses, and the conference report was agreed to in the House this morning without a single objection.

The VICE PRESIDENT. Is it not a report on the Army, Navy, and Coast Guard bill?

Mr. UNDERWOOD. It is my understanding that the Army is included in the measure.

Mr. PAGE. That was taken care of in the amendment. In the original bill the Army pay was stricken out.

Mr. LODGE. It consolidated both bills.

The report was agreed to.

#### THE MERCHANT MARINE.

Mr. JONES of Washington. Mr. President, I ask unanimous consent that the peace resolution may be temporarily laid aside and that the Senate may proceed to the consideration of the merchant-marine bill.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 10378) to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the committee amendment proposing to insert a new section, to be known as section 32.

Mr. JONES of Washington. On page 35, line 21, after the word "mortgage," I desire to offer an amendment to make it consistent with other parts of the bill. I move to insert after the word "mortgage" the words "on the hold of any vessel," so as to make the line read:

Shall be subordinate to the lien of any mortgage on the hold of any vessel duly recorded—

And so forth.

The amendment to the amendment was agreed to.

Mr. JONES of Washington. I desire to offer a further amendment to the section. I move that each paragraph be lettered (a), (b), (c), (d), and so forth. That will enable us to deal with the paragraphs more easily in the future. In other words, in section 32, line 6, page 35, insert the small letter "a" in parentheses and then at the beginning of the next paragraph to insert the small letter "b" in parentheses, and so on for each paragraph of the section.

The VICE PRESIDENT. Without objection, the paragraphs will be accordingly lettered. The question is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

The next amendment was, on page 49, after line 11, to insert:

SEC. 33. That section 4530 of the Revised Statutes of the United States is amended to read as follows:

"SEC. 4530. Every seaman on a vessel of the United States shall be entitled to receive on demand from the master of the vessel to which he belongs one-half part of the balance of his wages earned and remaining unpaid at the time when such demand is made at every port where such vessel, after the voyage has been commenced, shall load or deliver cargo or take in fuel before the voyage is ended, and all stipulations in the contract to the contrary shall be void: *Provided*, Such a demand shall not be made before the expiration of nor oftener than once in five days nor more than once in the same harbor on the same entry. Any failure on the part of the master to comply with this demand shall release the seaman from his contract, and he shall be entitled to full payment of wages earned. And when the voyage is ended every such seaman shall be entitled to the remainder of the wages which shall be then due him, as provided in section 4529 of the Revised Statutes: *Provided further*, That notwithstanding any release signed by any seaman under section 4532 of the Revised Statutes any court having jurisdiction may upon good cause shown set aside such release and take such action as justice shall require: *And provided further*, That this section shall apply to seamen on foreign vessels while in harbors of the United States, and the courts of the United States shall be open to such seamen for its enforcement."

The VICE PRESIDENT. The amendment is agreed to, without objection.

Mr. KING. I should like to ask the chairman of the committee to state in what respect the amendment reported by the committee differs from existing law?

Mr. JONES of Washington. It differs from the existing law only in one main particular, in about the fourth or fifth line of the section. The present law reads as follows:

Every seaman on a vessel of the United States shall be entitled to receive on demand from the master of the vessel to which he belongs—

Now, here is the part affected—

one-half part of the wages which he shall have then earned, at every port which such vessel—

And so forth. The change is:

One-half part of the balance of his wages earned and remaining unpaid.

That was the real intent of the law originally; that is what its framers thought they were doing; but the Supreme Court, while it held this section to be constitutional and that we could make it apply to foreign vessels and foreign seamen in our ports, held that the language of the present law requires one-half of the wages of the entire voyage to be kept, as the seamen express it, "with the ship" until the end of the voyage. The purpose of this amendment is to carry out the real, original intention, that whenever a seaman can make such a demand he can demand half of what is then due and remaining unpaid. That is the main provision. It is very earnestly desired by the



seamen, and there is no serious objection on the part of those who operate ships.

As a matter of fact, the provision is designed to meet this situation with reference to foreign seamen. They make a contract in a foreign country for a voyage sometimes extending over three years, but under the decision referred to they can not draw on that whole voyage any more than one-half of the entire wages agreed to be paid for the voyage; in other words, the operators hold half the wages and force the sailor to go back to his home port. This provision is to enable a seaman on a foreign ship who desires to land in this country to have one-half of the wages that are remaining unpaid paid to him. It will tend to bring the foreign seamen up to a level with our seamen by giving them the remedy here in our own ports that our seamen have.

Mr. KING. Does the Senator say that the Supreme Court has held that we have jurisdiction over the foreign seamen and foreign ships?

Mr. JONES of Washington. Under the present statute we have such jurisdiction in our ports.

The Supreme Court held that act to be unconstitutional only a short time ago.

Mr. KING. A vessel, then, that sails under the Norwegian flag, for instance, with Norwegian sailors, if it touched at an American port for a day would become subject to the jurisdiction of our courts and the provisions of this proposed law, and the sailors could invoke the law for their protection?

Mr. JONES of Washington. Yes; while in an American port. It was one of the main contentions, the Senator from Utah will remember, in favor of the seamen's act, that it would, instead of placing a great burden on our seamen and shippers, bring the wages of the seamen of other countries up to a level with our own. This provision is intended to aid in carrying out that great purpose.

#### NATIONAL PROHIBITION.

Mr. SHEPPARD. Mr. President, a day or two ago the Senator from New Jersey [Mr. EDGE] asked and obtained permission to place in the RECORD the brief and argument of the complainant in the New Jersey prohibition case. I now ask permission to put in the RECORD the opposing brief filed by Wayne B. Wheeler and others.

Mr. KENYON. Mr. President, the Senator from Utah [Mr. SMOOT], who is the objector to such papers being inserted in the RECORD, is not present. He was not here at the time the Senator from New Jersey secured permission to place in the RECORD the brief to which the Senator from Texas refers. If he had been here, the request would have been objected to I am sure. I am informed by the Senator from Utah that the cost of printing that brief in the RECORD, it covering some 24 pages, was very large. I wish the Senator from Texas would withhold his request until the Senator from Utah is present.

Mr. SHEPPARD. I would not have offered the brief in this instance, if the brief on the other side had not been placed in the RECORD.

Mr. KENYON. That is the trouble with printing in the RECORD of such documents. The printing of one brief draws out a brief on the other side.

Mr. SHEPPARD. I agree with the Senator from Iowa as to that.

Mr. SMOOT entered the Chamber.

Mr. KENYON. The Senator from Utah is now present, and I wish to call his attention to the request of the Senator from Texas. I am holding the matter up until the Senator from Utah can have an opportunity to object to the request granted, if he so desires.

Mr. SIMMONS. Mr. President, I should like to inquire of the Senator from Texas at what time the brief presented by the Senator from New Jersey, to which he refers, was printed in the RECORD?

Mr. SHEPPARD. It was printed only a few days ago.

Mr. SIMMONS. Did not the Senator at that time state that he would not object to the printing of that brief in the RECORD provided that it was agreed that he might thereafter offer the opposing briefs and have them printed in the RECORD? I ask the Senator from Texas if that was not the understanding?

Mr. SMOOT. The Senator from Texas did offer briefs, and they went into the RECORD at the same time.

Mr. SIMMONS. He is asking that they go in now.

Mr. SMOOT. This is another matter?

Mr. SIMMONS. The present request has to do with another brief?

Mr. SMOOT. Yes, I will say frankly to the Senator from Texas that if I had been in the Chamber the other day when the Senator from New Jersey offered the New Jersey briefs for printing in the RECORD I should have objected to their going in.

Mr. SHEPPARD. Mr. President, let me explain the situation. The Senator from Connecticut [Mr. BRANDEGEE] first offered the brief of Hon. Elihu Root in one of the prohibition cases. I then asked permission to insert all the opposing briefs, but afterwards decided to have only one inserted. A day or two ago the Senator from New Jersey put in the brief which had been filed in the New Jersey case, which was a separate case from the other. I now merely ask that the opposing brief be put in, in order that both sides may be treated fairly.

I would not, in the first instance, have asked that any of these briefs go into the RECORD, I will say to the Senator from Utah. If he will remember, I first offered the briefs and asked that they be referred to the Senate Committee on Printing to be made a Senate document. The Committee on Printing made a favorable report on the request, but the Senate failed to adopt it and I had nothing further to say. The Senator from Connecticut then rose and said he would read the brief of Mr. Elihu Root unless it be allowed to be printed in the RECORD. I have been actuated only by a desire to see both sides represented fairly.

Mr. SMOOT. I think they were represented at that time fairly.

Mr. SHEPPARD. That is true, so far as the first case is concerned. Now, in the second case, the brief for the complainant has been published, but not the opposing brief.

Mr. SMOOT. It cost a thousand dollars for postage and to print the brief in the New Jersey case under the situation existing to-day. I am going to ask the Senator from Texas not to ask that the document to which he has referred be printed in the RECORD. I wish to say to the Senator and to the Senate that I do not know where we are going to get paper enough to meet the demands. We are doing everything in our power to provide paper; we are holding up the printing of some documents and printing them only in small quantities and just as they are distributed, at an expense of from 25 to 33½ per cent more than would be involved if we could get the paper and print the documents all at once.

Mr. SHEPPARD. The Senator does not direct any criticism against me for the course I have pursued?

Mr. SMOOT. Not at all; but I wish to say that under the circumstances I will have to object to the document being incorporated in the RECORD.

Mr. SHEPPARD. Under the circumstances I shall not insist on the incorporation of the brief in the RECORD.

Mr. EDGE. Mr. President, I do not desire in any way to continue the discussion of the printing controversy, because a very important matter, namely, the merchant marine bill, is before the Senate; but in the defense of the request which I made on behalf of the State of New Jersey I wish to say just a word.

So far as I am concerned, I am perfectly satisfied to have the Senator from Texas place in the RECORD the brief in answer to the brief put in by me, but as he has already had printed in the RECORD a general answer perhaps that meets the necessity of that side of the question.

In explanation of my request to put the brief and complaint of the attorney general representing the State of New Jersey in the RECORD, I desire to say that it is not a question in my mind at all of the issue that happens to be argued in that particular case. I am not a lawyer, but from various expressions on the part of distinguished lawyers and after reading the document from a layman's standpoint, it is my conviction that that brief and complaint furnish to the country the most concise review of the principle of State rights that has in recent times been put together; and, with all due deference to the importance of many speeches made on the floor of the Senate which have filled columns and columns of the CONGRESSIONAL RECORD, I believe that the people of this country will be as much interested to have the opportunity of reading in concise form a general review of the precedents with the interpretations made by the attorney general bearing on the great question of State rights, which question is involved in so much of our legislation. In that aspect the documents I have had printed are very important for the information of the American people. So I have no apology to make for using a portion of the RECORD in order that the people of this country may have that opportunity.

Mr. HARRISON. Mr. President, I think that these matters should go into the RECORD for the enlightenment of the people. And while the Senator from Utah is so watchful as to economy and is trying to save so much money for the Government in the matter of printing, I wish to call his attention and the attention of the country to the fact that I have received no less than a dozen such cards as this [exhibiting] carried through the mail under the frank of a Republican Member of Congress, signed by the League for the Preservation of Amer-

ican Independence (Inc.), Washington, D. C., and marked "From the CONGRESSIONAL RECORD."

In big type it says:

Let us have peace.

And then under that it says:

The President said to Congress on November 12, 1919, that the war was ended, and its object accomplished—

And so forth.

Further down it asks the question in big black type:

Will the South stand for this?

Saying:

Out of that great section of the country came most of the creative genius that secured our independence, founded our Government, and framed our institutions.

What, now, would those great southern statesmen say to the proposal that their work, the Declaration of Independence and the Constitution of the United States, be so far undone that the Old World shall again be given control of the New?

Then the next paragraph is italicized; evidently they thought it was very important—

Would they approve the surrender at Versailles of the independence they had won at Yorktown? Will you?

What, then, is to be done?

Then it says:

Let Congress declare the state of war ended.

That is proposed to be done in the Knox resolution, I believe, which has the sanction of the Senator from Utah, perhaps.

Let the Senate declare the terms upon which we will enter again into relations with Germany and Austria.

Let Congress declare our intention to avoid foreign entanglements, as Washington and other Presidents have advised, and redeclare our independence of foreign control.

Then let us have peace!

They underscore that.

If you approve, say so promptly to your Senators and Representatives at Washington.

Then, in big, black type at the end, are the words:

League for the Preservation of American Independence (Inc.), Washington, D. C.

I know not how many thousands or tens of thousands or perhaps hundreds of thousands of these circulars, at the cost of an immense amount of money, have been distributed from one end of this country to the other; but I know that in my own State thousands of them have gone through the mail, at Government expense, under the frank of a Republican Member of Congress. If you want to economize, preach some of that kind of economy to members of the Republican Party.

In the first place, the circular is unfair, and in my opinion it is just as reprehensible as for candidates to spend immense amounts of money in presidential primaries throughout the country by employing men to go around to get voters to the polls to vote for them. That is, of course, a species of corruption; but it is no greater than with Government funds, through the frank of a Member of Congress or a Member of the Senate, to send such literature as this through the mails; and I want to insert this whole pamphlet in my few remarks.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From the CONGRESSIONAL RECORD, Feb. 25, 1920.]

#### LET US HAVE PEACE.

The President told Congress on November 12, 1919, that the war was ended and its object accomplished.

This was true then, and it is true now. But the President refuses to end the state of war and surrender the restrictive war-time measures still in his hands, which menace farm, shop, and office in every section of the country.

He refuses to end the state of war unless the Nation shall enter into a contract with 32 nations—many of which are brown, yellow, or black—under which our domestic policy and foreign relations shall be subjected to the control of these nations, and American troops be placed at their disposal for use in Europe, Asia, and Africa, to be employed in never-ceasing warfare.

A coalition of patriotic southern and northern Senators has refused thus to surrender American sovereignty or to expend American blood and tax money.

These Senators have sought to modify the contract so that we shall be enabled to do our international duty as our Nation thinks best without placing the United States in Europe's hands to be dealt with as Europe pleases.

But the President refuses to Americanize the covenant and declines to curtail the supersovereign powers of the league. He must have his league or there will be no peace, he says in effect.

The Nation must bow down to the President's league or continue suspended in a state of war. He thus hangs up America by the thumbs and coolly awaits its repentance and acquiescence.

#### WILL THE SOUTH STAND FOR THIS?

Out of that great section of the country came most of the creative genius that secured our independence, founded our Government, and framed our institutions.

What, now, would those great southern statesmen say to the proposal that their work, the Declaration of Independence and the Constitution of the United States, be so far undone that the Old World shall again be given control of the New?

Would they approve the surrender at Versailles of the independence they had won at Yorktown? Will you?

What, then, is to be done?

This:

Let Congress declare the state of war ended.

Let the Senate declare the terms upon which we will enter again into relations with Germany and Austria.

Let Congress declare our intention to avoid foreign entanglements, as Washington and other Presidents have advised, and redeclare our independence of foreign control.

#### THEN LET US HAVE PEACE!

If you approve, say so promptly to your Senators and Representatives at Washington.

LEAGUE FOR THE PRESERVATION OF  
AMERICAN INDEPENDENCE (INC.),  
Washington, D. C.

Mr. SMOOT. Mr. President, under the law, anything that is printed in the CONGRESSIONAL RECORD can be sent through the mails free of charge. I do not know whether the Senator from Mississippi ever used the mails for the distribution of documents or not, and I do not care, as far as that is concerned, whether he has in the past or not; but there is not a Congressman and there is not a Senator but that knows that the committee has told the Public Printer, in connection with the printing of speeches from now on, that if the paper situation is such that he can not furnish paper he is to refuse to print them.

I have seen—and this applies both to Democrats and to Republicans—carloads of public documents sold for old paper. They used to print so many of them that they could not send them through the mails. They did not have large enough mailing lists, I suppose. I have seen them loaded here by the car, not to be sent through the post office here at Washington, as most of the mail is, but they are delivered directly to cars and sent all over this country. If the Senator wants to know how much of this is going on, just let him find out from the man that buys as old print paper the public documents that are out of use, and let him go over to the House and go to the waste room and see what is there to-day. I want to stop it all.

Mr. HARRISON. Mr. President, if the Senator will permit me—

Mr. SMOOT. Yes.

Mr. HARRISON. I think the Senator has rendered great service and has saved quite a good deal of money for the Government in objecting at times to certain things going in the RECORD, and in discontinuing certain periodicals that are of no use, and I can not believe that the Senator approves of placing in the RECORD matter of this kind—and this was placed in the RECORD, I may say, by this particular Congressman, or some Congressman—and then, at Government expense, under the frank of a Member of Congress or a Senator, distributing such literature as that through the country.

Mr. SMOOT. Why, Mr. President, I have stood upon this floor time and time again, and perhaps have violated the rules of this body in referring to speeches that have been put into the RECORD in years past by virtue of requests to print; and if the Senator will take up the RECORD at almost any time, and look at the back of the RECORD almost any day, he will find those same speeches being printed to-day. We do not have that practice in the Senate. We can stop it here, and it ought to be stopped in the House.

Mr. HARRISON. I agree with the Senator.

Mr. SMOOT. Then, under the law, when it goes into the RECORD, no matter what it may be, any Congressman or any Senator can order from the Government Printing Office what he wants, and it can go through the mails free of charge. Now, if we want to pass a law—and I do not know but that it would be a good thing—to take away the free circulation of documents through the mails from Congressmen and from Senators, well and good; but I do not want to be blamed for a thing that the law says a man can do, and he does it, whether it is right or whether it is wrong.

Mr. HARRISON. I will say to the Senator that I do not know it to be a fact, but I suspect that the particular Congressman whose frank is there did not send out that circular, and had nothing to do with it, but perhaps loaned his frank, so to speak, and allowed the League for the Preservation of American Independence (Inc.), here in Washington, D. C., to use it. It is wrong; it is outrageous; it is indefensible. It shows to what extremity the opponents of the League of Nations have gone.

Mr. SMOOT. That has been the practice ever since I have been here, and I know that it was the practice before I came here. The Congressman had to order the printing done, however. No association could have ordered them printed. The Congressman must take the responsibility, because in ordering them he must issue the order, and he must pay for the printing of them under the law, and he does. I have thought many a time of the question as to whether the abuse is not a greater evil than the good that comes from the privilege.



Mr. SHEPPARD. Mr. President, in view of the eulogy by the Senator from New Jersey [Mr. EDGE] on the brief that he put in the RECORD, I think it but fair that a synopsis of the brief I offered should go in the RECORD. I shall prepare that synopsis and present it to the Senate myself, as soon as I can do it.

The prohibition amendment was submitted to the States under the method prescribed in the Constitution itself, under the method prescribed by the States themselves when they created the Constitution. That amendment was ratified by 45 of the 48 States of this Union, and the assertion that it is in violation of State rights seems to me to border upon the absurd. It seems to me that the State of New Jersey, in resisting the action of 45 of the 48 States of the Union in ratifying an amendment proposed under the Constitution, and adopted in accordance with its solemn terms, has put itself on the side of revolution and anarchy.

The VICE PRESIDENT. There is a rule of the Senate that prevents a Senator from making remarks about a State of the Union.

Mr. SHEPPARD. I do not believe it represents the feeling of the people of New Jersey. I want to apologize to the State of New Jersey.

The VICE PRESIDENT. The Senator must withdraw that remark or take his seat.

Mr. SHEPPARD. I could say something, but I refrain, that immediately comes to my mind as I recall certain assertions that recently have been made by distinguished authority in an adjoining State.

The contention in the brief presented by the Senator from New Jersey is not representative of the State of New Jersey, I hope and believe. I refuse to believe that he represents the people of New Jersey if he says that they are really behind a contention resisting the solemn action of 45 of the 48 States of the American Union, acting under the method prescribed in the Constitution itself.

Mr. EDGE. Mr. President, again I apologize for taking the time of the Senate, but the Senator from Texas has introduced a very unnecessary and unfortunate angle into the discussion. Allow me to repeat for his benefit, if he did not understand the preliminary remarks I made in connection with the introduction of the brief and complaint, that it was not at all, so far as my presentation of it was concerned, with any particular reference to the particular question involved. I am ready to discuss the particular question involved at any time on a proper occasion, or whenever legislation is pending; but this brief, as I followed it, presents all elements, all viewpoints, many precedents in connection with the rights of the State in its relation to the Nation. It reviewed, I think, without doing so in a manner that could in any way offend even those who earnestly and sincerely believe in the strictest interpretation of the eighteenth amendment, the question of State rights, of State police power, of States' relationship to Government, and did so in a dispassionate manner and in a way that I feel should be presented to the people of the country, not because of its relationship to that particular issue, but because of its relationship to many questions that are daily coming before the Senate of the United States in the matter of State rights as compared to Federal rights.

Since my brief membership in this body I recall subject after subject that has been discussed on the floor of the Senate where the question has arisen whether the Senate of the United States or the Congress of the United States were not invading State rights, and undertaking to assert action in a way that had heretofore been looked upon as entirely within the control of the States. This brief and complaint attempted to review that general situation, and I think it is entirely out of place to raise any question as to the feeling of the people of New Jersey on the prohibition issue, or that it be introduced in any way into the discussion.

The brief was prepared by the attorney general of the State of New Jersey, following action of the Legislature of New Jersey, representing a sovereign State of the Union; and it undoubtedly represented, through the legislature, the desire of the people of that great Commonwealth. I strongly resent such aspersions and feel that it is unnecessary and entirely out of place to question in any way the feeling of the people of New Jersey, because that particular question is involved.

Mr. KING. Mr. President, will the Senator yield for just a question?

Mr. EDGE. I am through.

Mr. KING. I want to ask the Senator, with his permission, if he did not know that it was against this doctrine that is now so prevalent, this new federalism, that the States should assert any rights whatever? The new federalism commands that the States shall abdicate all their functions, sit down supinely, and

let bureaus and bureaucratic institutions and instrumentalities and Federal agencies and parasites operate the States.

I think the Senator ought not to declare in favor of the rights of the States. He ought to come with cap in hand and welcome this new doctrine, and bow at the feet of this new federalism.

Mr. EDGE. Mr. President, I am very glad—following the thought of the Senator from Utah—that one State in the Union, at least, even though she may be criticized, is not deterred because of the viewpoint of others, and that one State of the Union, at least—one sovereign State, through its regular legal department—is testing to some extent the question of State rights, and its own jurisdiction in its relationship to the Government.

#### RATES OF INTEREST.

Mr. OWEN. Mr. President, on May 5 the Senator from Connecticut [Mr. McLEAN], the chairman of the Committee on Banking and Currency, had printed in the CONGRESSIONAL RECORD a letter addressed to me by Mr. W. P. G. Harding, governor of the Federal Reserve Board, on the question of interest rates.

For some time I had been trying to bring about a reduction of interest rates in the United States. I thought that the high rates fixed by the Federal Reserve Board of 6 and 7 per cent to the member banks necessarily had the effect of causing the member banks to raise their rates 2 and 3 per cent higher than the rates fixed by the reserve banks. Undoubtedly that is the fact. The current commercial rates are running now 8 and 10 per cent, not to mention commissions on the side; and I know of transactions involving a much higher rate and dealing with large amounts. Even acceptances that ought to have a 3 per cent rate are over 6 per cent.

There is an urgent demand for credit at this time for various purposes, for productive purposes, for commercial purposes, for purposes of distribution of the goods required by this country as well as for speculative purposes. There is an extraordinary demand, and it is natural that the banks should take advantage of that great demand to raise the rate, because, like merchants who are selling credits, they sell at the best figure they can, and when the urgent demand comes they will raise the rates as thrifty merchants of credit might do, or just as those who sell eggs might do, for that matter.

The Federal Reserve Board, however, is a Federal agency; and I desire to invite the attention of the Senate to the fact that the Federal Reserve System was intended to give stability to credit, and should not, like a private agency, be used merely as a money-making bank for profit.

It was intended to promote uniform, reasonable rates of interest to the business men of the United States, and these high interest rates which are being authorized by the Federal Reserve Board, I think, are very harmful in their consequences.

The Federal Reserve Board is thinking much these days of deflating credit. The idea has been much exploited recently that it is a good thing to deflate credit; that there is too much credit; that credit is going too far; that it is leading to speculation of all kinds and, therefore, we must deflate credit. I will agree that when credit is being used for speculative purposes, when credit is being used to speculate in commodities for hoarding, when it is used for speculating in real estate, or when it is used for the speculation in investment securities on the stock exchange by buying stocks for the rise or selling stocks for the fall, used in that way, when there is a scarcity of credits for productive and distributive purposes, it would be well to have such credit, as far as possible, transferred from unproductive to productive purposes and in that sense deflated. But the reserve board in raising the rate to 6 and 7 per cent upon all classes of credit is not stopping speculation. The speculator can better pay an artificially high rate than the man who is engaged in a normal business can pay it, because the speculator has a speculative profit in sight.

When this sweeping raise is made over the whole country a raise of 2 or 3 per cent on the volume of all loans in the United States, amounting to many billions, it will result in an increased charge on the cost of living of between one and two billion dollars.

I am opposed to the Federal reserve banks being administered merely as a bank president or a cashier would administer this system; that is, from the standpoint of profit alone.

I fully agree that when the New York Stock Exchange raises the rate to 20 and 30 per cent and the Federal Reserve Board raises its rate to 6 per cent and 7 per cent and the member banks raise their interest rates to 8 and 10 per cent, it does depress and deflate credit in fact; it deflates the credit of the United States; it deflates the value of the Liberty bonds, and the bonds have gone down now in some cases as much as 15 per cent. There has been a loss to the bondholders of this country on those Liberty bonds and Victory bonds to the



amount of nearly \$3,000,000,000, and I object to it. I earnestly object to the policy which permits it.

I object also to the Federal reserve banks being administered in such a way that they shall be open to the charge of profiteering. The New York Federal Reserve Bank made 110 per cent last year on a 4 per cent rate. Now, this rate is raised to 6 per cent. They should make on that basis, they will make on that basis, between 160 and 180 per cent, if they transact a like volume of business this year.

I say that that sets a bad example. I say that the Federal reserve banks were not established as money-making banks. I say that the member bank which pays its depositor 2 and 3 and 4 per cent, and loans money out at 5, 6, and 7 per cent, has a margin of approximately 3 per cent on the deposits.

The Federal reserve banks do not pay anything on their deposits, and if they took the same margin of profit that a national or State bank does, they should be content with 3 per cent. It is said that if they loaned the money out at a low rate, they would be overwhelmed with applications. They are overwhelmed with applications anyway, and the reserve banks and member banks should discriminate and give the preference to applications that relate to production and legitimate, useful business, and do so at a fair rate, at a normal 3 per cent rate.

The reserve banks are administered by men of ability, courage, and discretion, and when they pass on applications they should discriminate, and they actually do that very thing.

It is not necessary to put the rate up to keep them from being stampeded. If they are the right men, they can not be induced to make loans that are not justified by the individual facts.

Mr. KING. Mr. President, will it disturb the Senator to ask him a question?

Mr. OWEN. Not at all.

Mr. KING. If I understand the Senator correctly, his contention is that there has been perhaps too much loaning for speculative purposes, too much credit. I ask for information, because the Senator is a profound student of this question. How would it be possible to differentiate between the borrowers so as to restrict the loans made by the banks to what might be denominated legitimate, bona fide purposes, in contradistinction to speculative purposes?

Mr. OWEN. Whenever a bank makes a loan, it makes a loan to an individual, who presents himself for the loan, with his collateral, and it is entirely competent for the bank—and every bank actually exercises its power and its own judgment and uses its discretion with regard to every loan—whether it will make it or whether it will not make it. The bank officers know perfectly well, and if they do not know they can ascertain, whether that loan is going to be used for speculative purposes, or whether it is to be used for the normal business of the country, for production, for distribution. So it is, after all, left to the discriminative judgment of the reserve bank, when it deals with a member bank, to know whether the loans are being used for covering excessive speculative loans, which might be deflated, or whether they are being used for the normal business of the country.

When this country needs, above everything else in the world, to stimulate production, the interest rates ought not to be raised. The Bank of England does not raise interest rates upon its productive forces, or its merchants, and the Bank of England, which is the wisest bank in the world, from a merchant's standpoint, is administered by the greatest merchants in the world. The London banks had an established  $3\frac{1}{2}$  per cent rate on acceptances during the Great War, when the British Empire was paying 5 per cent for loans.

The Bank of England raises the interest at times to attract gold, for the English banks carry very little surplus gold, while we carry the largest in the world.

The United States has \$3,160,000,000 of gold and all the balance of the world has about \$4,600,000,000.

The Entente debt to the United States would consume twice the amount of gold the world has in order to pay it. Our excess commodity exports in a single year would nearly consume the world's gold supply if paid in gold.

Mr. KING. Mr. President, I agree substantially with everything the Senator says, and I am in harmony with his statements, so often made here of late, against the determination or policy of the Federal reserve banks to increase their interest rates to the disadvantage of those who are entitled to borrow. But the Senator knows that banks are so eager to make loans if they can go to the Federal reserve and rediscount the paper, that unless something is done either to check rediscount by the Federal reserve banks, or to impose limitations and restrictions upon the banks with respect to the credit which they will extend, this policy will be continued ad infinitum.

Mr. OWEN. The officers of the reserve banks can easily prevent the abuse of those who are too aggressive, for instance.

The practice of the Federal reserve banks is so adjusted as to penalize a particular bank which imposes upon the Federal reserve banks in overdrafts. They arrange the rate on a bank indulging in overdrafts on the Federal reserve bank from a normal rate up to 10 per cent. It is perfectly competent for the reserve bank to defend itself against an improper overdraft on the part of a member bank. It is perfectly easy for the reserve bank to say to a member bank which imposes upon the reserve bank, "I will charge you an individual rate higher than the normal rate." But when a member bank comes to the Federal reserve bank, which has not used its deposits with the reserve bank at all, and asks to borrow a part of its own reserve, the reserve bank ought to be content with a rate such as a member bank earns for itself on a depositor who comes and borrows money from the bank.

I may have money on deposit on time with a member bank, and that is an actual fact. I have money now on deposit with a bank at 4 per cent. That bank charges me 7 for a loan I want temporarily. I think it is quite fair, and I am perfectly willing to pay the 3 per cent. But if I am a bank and I have a deposit with the reserve bank, and I go there and they pay me nothing on my deposits, 3 per cent is a reasonable rate for them to charge me. I will say to the Senator that Belgium had a 3 per cent rate for 50 years without a single break prior to the great World War. They do not pay in Belgium interest on deposits. France had a 3 per cent rate for 50 years before this war. Three per cent United States bonds before the war were above par. American banks only pay 2 and 3 per cent for the loan of deposits. I object to the Federal reserve act being administered in such a way as to encourage high rates of interest and thus tax and depress the productive powers of the American people at this time.

I gladly give the reserve board credit for the highest and best purposes. I do not wish to be understood as criticizing their motive in any way whatever. I am personally very friendly to its members. I am only calling the attention of the country to the fact that there should be no deflation of credit required for productive purposes at this time, when the whole world knows that the most important of all things is increased production. That is what the world wants. The very thing which is necessary to reduce the high cost of living is to increase production; and when you raise the rates to a prohibitive point you are putting a brake upon production; and that is what I strenuously object to.

I object to these artificial high rates on the New York Stock Exchange on call loans. The call loan ought to be at a very low rate, because it is payable on demand, and has behind it abundant security. But these rates have been going from 8 per cent to as high as 30 per cent, and it is advertised in all of the daily papers throughout the United States that the rates are going from 8 per cent to 30 per cent on call.

What is the effect of that? The effect is to make the country think that credit is impossible in New York. It is to make the country think that this country is going into a panic, and there is talk now, all over the country, because of these artificially high rates, that the country is going into an industrial depression. There is no need on earth for this country to go into any industrial depression. The only way the country can be forced into an industrial depression is by these artificial, fluctuating, high rates of interest which put men in jeopardy who are engaged in production.

The Federal reserve banks have over \$2,000,000,000 in gold and a reserve of over 40 per cent. They have an elastic system, and to the extent that credits are actually and positively needed for productive purposes they can supply the credits that are needed to the member banks, and they need not fear to lower the reserves for this purpose.

Moreover, the productive capacity of the United States last year was over \$65,000,000,000, and the investing purchasing power of the people can easily take up in due season the present investment securities now held on speculative loans and clear the banks of such loans. There is therefore no need to refuse loans that are truly for genuine production and distribution or to impose repressive and alarming rates of interest that may break down confidence and invite industrial depression.

This is a matter of ordinary, common, horse sense, and the Senate of the United States and the business men of the Nation ought to take notice of what is going on in regard to this question.

I called attention to these high rates a short time ago and received a report upon it, which is before the Senate. There ought to be passed by this body an act that would stop violent fluctuations of interest on the New York Stock Exchange. The



effect is that the rate goes up to 15 or 20 per cent and draws money to New York from Texas, Iowa, Illinois, and from Kansas. It comes from Kansas City, New Orleans, Dallas, Atlanta, and from St. Louis; it comes from different centers of the country to New York for speculating on Wall Street in the stock market instead of being used by manufacturers and business men.

Mr. CURTIS. Mr. President—

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). Does the Senator yield to the Senator from Kansas?

Mr. OWEN. I yield.

Mr. CURTIS. I rose to ask the Senator if he does not know that money had been taken out of the Kansas City banks and that the farmers of Kansas and the farmers of Oklahoma are now in great need of credit?

Mr. OWEN. Assuredly I know it, and that is what I am objecting to. When you permit high rates, going up to 20 and 30 per cent in New York on call, of course the western banks, and southern banks, for that matter, send their money there to be loaned on call, and remove it from productive processes, and then the banks, seeing the urgent demand, raise the rates to 8 and 10 per cent on legitimate business.

Mr. SIMMONS. Mr. President, I wish to ask the Senator what effect the usury laws of the States have upon the high rates, as measuring the ability of a member bank in a State where they have a usury law to borrow at all from a Federal reserve bank.

Mr. OWEN. The State laws do undertake to restrict usury, of course. The ordinary rate is 6 per cent. Some States permit contracts to go up to 10 per cent. The banks have an ingenious way of avoiding that when they see fit by buying paper which has already been created, but if the reserve rate is 6 per cent and—

Mr. SIMMONS. That is not exactly what I had in mind. I understood the Senator to say that the reserve banks had now fixed 7 per cent as the loaning rate.

Mr. OWEN. Six and seven per cent. They charge the 7 per cent where the member bank puts up the bonds of the War Finance Corporation as security.

Mr. SIMMONS. And 7 per cent under some other conditions?

Mr. OWEN. Seven per cent under that condition.

Mr. SIMMONS. Suppose a State has a usury law, as my State has, limiting to 6 per cent the rate of interest that may be charged, how can a member bank in that State borrow money from a Federal reserve bank at even 6 per cent?

Mr. OWEN. The penalty is not inflicted on the borrower but on the lender.

Mr. SIMMONS. I understand that. The Senator did not catch what I said. In my State a bank is not permitted to charge more than 6 per cent for money that it loans.

Mr. OWEN. The reserve bank is not in the Senator's State.

Mr. SIMMONS. The Senator does not allow me to finish my question. How could that bank, which could not lend its money at more than 6 per cent, afford to borrow money from the Federal reserve bank and pay 6 per cent for it?

Mr. OWEN. It can not afford to do it. It is a way to stop credit. It is a means of depressing and deflating credit in North Carolina.

Mr. SIMMONS. Exactly. In a State where the rate is limited to 6 or 7 per cent, if the Federal reserve bank rate is fixed at 6 or 7 per cent, then the member banks in that State would practically be precluded from borrowing money from the Federal reserve banks.

Mr. OWEN. To be sure.

Mr. SIMMONS. The banks in that State, as in other States similarly situated, have already borrowed large sums of money from the Federal reserve banks, and the loans are falling due every month. They can not afford to renew the loans, if they have to pay a rate of interest so high, without taking their capital for doing business and paying the cash.

Mr. OWEN. Yes; and, of course, it involves a loss.

Mr. SIMMONS. If the Senator will pardon me, I have just paid a visit to my home city in North Carolina, and I have discovered that the banks in that section are in great distress because of the fact that they are confronted by usury laws fixing the rate at 6 per cent and the fact that they are being called to pay their loans. That makes it necessary for them to call the loans that they have been making—

Mr. OWEN. Yes; to be sure.

Mr. SIMMONS. Especially large loans that they have been making to agricultural supply men in my State, and I assume that is true pretty generally throughout the Union. There are farm furnishing houses located all about in the agricultural districts. They borrow large sums of money from the banks. They buy their produce and sell it to the farmers on time, to be

paid for in the fall after the crop is harvested. I am told that the situation caused by this high rate of interest, against which the Senator is inveighing, has become so acute that the banks—

Mr. OWEN. It will be worse, I will say to the Senator.

Mr. SIMMONS. It has become so acute that the banks are compelled to call upon these supply houses to pay their loans at a season of the year when it is impossible for them to realize upon the securities which they have taken for goods they have sold. That is making a very serious situation, as I happen to know.

Mr. OWEN. It will help to cause an industrial depression. That is what will happen. If that is desirable and Senators wish to see that come about, they may treat the matter with negligence.

Mr. SIMMONS. But worse than that, if the Senator will pardon me, in some sections of the country it will paralyze the efforts of the farmer to produce his crops.

Mr. OWEN. I think it will.

Mr. SIMMONS. Because their supplies will be unavailable for the men with whom they have made their contracts, they will not be able to get the money to buy goods with which to carry on their farming operations.

Mr. OWEN. It will have the effect of causing industrial depression. It will have the effect of breaking the prices of products which now have a high value on the markets, making men hesitate to produce and tending to paralyze business. Some men think this desirable. I do not think so.

But the deflation of unwise credits ought to be directed by a discriminating judgment to the particular credits that ought to be deflated. There is a great volume of credit which you can not deflate. You can not deflate the \$26,000,000,000 of bonds which have been issued by the United States for war purposes. Their market value is being deflated, of course, and the War Finance Corporation under the Treasury Department has been buying up these bonds at a depreciated value. They are selling down to about 15 per cent below par. You can break down the present market value of Government credits by establishing an artificial high rate of interest. You can break down the means of credit for the railroads of the country that require help to finance themselves if you raise an artificially high rate. You can make it more difficult for them, of course, but they will pass it on to the people in freight rates, and so forth.

The banks can take advantage of the urgency of the present demand and raise the rates, if they like, and make more money. But the policy of London, the policy of the Bank of England, is a wise policy. It is a stable, reasonably low rate of interest, so that commerce shall prosper, because when commerce prospers the banks prosper and the country prospers, and when commerce is broken down the banks will have unexpected trouble from some of their most valued customers.

Mr. SIMMONS. If the Senator will pardon me, it seems to me the purpose which the Federal Reserve Board has could be accomplished in another way that would not work any material harm, by the inauguration of a policy of refusing to loan to a member bank unless satisfactory assurances were given that that member bank would not loan for speculative purposes or for any purpose that was not reasonably effective.

Mr. OWEN. If the Senator will pardon me, that is precisely what I suggested to the Federal Reserve Board, that as far as individual loans were concerned, made for merely speculative purposes, they could be reduced by causing gradual liquidation; second, by refusing to extend new loans for speculative purposes, whether speculations in stock or speculations in real estate or in commodities for hoarding. That policy could be carried out by the member banks of the Federal Reserve System if the reserve banks and the Reserve Board insist upon that policy being pursued. That policy would be harmless, but when the Federal Reserve Board adopts the false policy on the New York Exchange and raises its rates to a higher figure to check speculation and talks about deflating credits without discriminating as to what particular credit is to be deflated, the most mischievous consequences may ensue. In Detroit and in Pittsburgh and in New York now men are talking about industrial depression.

Mr. SMITH of South Carolina. May I ask the Senator a question? We passed through both branches of Congress an amendment to the present law authorizing the board in their discretion to graduate and progress the rate of interest from a borrowing bank when it shall have passed what they determine to be normal. Is not that along the very line that the Senator is complaining of, that they are raising the rates of interest in order to bring about a deflation which already is reacting throughout the country to the detriment of business in general?

Mr. OWEN. The purpose of the act referred to by the Senator was that where banks were unduly aggressive and were asking more accommodation of the Federal reserve bank than their fair proportion, thereby cutting off other banks from an equitable participation in the lending powers of the reserve bank, they might make this discrimination by automatically raising the rates progressively on the aggressor. I think that a wise and just policy.

Mr. SMITH of South Carolina. I anticipated the danger there which has now become a fact. In order that they might accomplish this, it seemed to them that it was necessary to put this general law into effect, that all banks, when they have gotten above a certain per cent of their capital and surplus, should be subject to this progressive and increased rate of interest. The Senator from North Carolina [Mr. SIMMONS] and, I take it, the Senator from Oklahoma [Mr. OWEN] have suggested that they should have used their discrimination and restricted the loans in those particular cases where it was pernicious or might not be indicated to be for the best interests of the country, but they have applied that rule throughout the entire country when there are banks which should have been encouraged to borrow more than any fixed per cent of their capital and surplus, especially in the agricultural sections, where the bread-and-meat question will be the paramount question for the next two or three years.

Mr. OWEN. My attention is called to "Big profits made by reserve banks," an article in to-day's Evening Star:

**SOME BANKERS URGE INTEREST ON THEIR RESERVE.**

According to Gov. Harding, of the Federal Reserve Board, the 12 original banks of the system will make about a hundred million dollars gross profits during the fiscal year ending with June 30, an excess of some \$10,000,000 over the net of the previous fiscal period.

These reserve banks were not intended as money-making banks. I have no objection to their making money. I am quite in favor of their making enough to have a substantial reserve; and Congress turned over to them practically 100 per cent as reserve, and in that way showed the good will of Congress to these banks and a desire to strengthen them. I desire them to be strong; but what I am calling attention to is that the administration of the reserve act in such a way as to raise the rate in a sweeping fashion over good and bad alike, over the productive and the unproductive alike, making no discrimination with regard to it, results harmfully by exciting the country into the belief that we are going to the "demolition bow-wows" when we are in no danger whatever of doing anything of the kind if we pursue a sound policy.

Mr. SMITH of Maryland. As I understand the argument of the Senator from Oklahoma, this high rate of interest was introduced in the hope of stopping speculation in stocks.

Mr. OWEN. I understand that it was.

Mr. SMITH of Maryland. But it seems to have gone further now, and is affecting the commercial and the industrial interests of the country. There ought to be some stop put to it. It has gone too far. They scattered their shot too much. They shot at one class of people and are hitting another class.

Mr. OWEN. They are setting out a fire which they may not be able easily to stop. My purpose is to put some water on it right now.

Mr. SMITH of Maryland. I think that is right.

Mr. OWEN. I am glad the Senator from Maryland thinks I am right about it. I think other Senators should have an interest in it.

Mr. SMITH of Maryland. I think the purpose was not what is being done now. It was for the purpose of stopping speculation in stocks, which is all right, but now it is going too far. It is interfering with the progress of our country, with the industrial interests and commercial interests, and they are making the rates on money so high that those needing money for these purposes can not afford to borrow.

Mr. OWEN. I think that is right.

Mr. SMITH of South Carolina. If the Senator from Oklahoma will permit me, the suggestion of the Senator in regard to reaching speculations in stocks is right. They advance the rate of interest to stop that, when it is notoriously true that the stock speculator will meet any advance in interest in his speculation in stocks, while the men who are doing a legitimate business can not afford to do it.

Mr. SMITH of Maryland. Yes; they can not afford to do it.

Mr. OWEN. That is quite right.

I do not wish to take up any more of the time of the Senate. I have written a letter in response to the letter which was printed in the Record, the substance of which I have stated on the floor. I ask, without reading, that it may be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

UNITED STATES SENATE,  
May 14, 1920.

Hon. W. P. G. HARDING,

Governor Federal Reserve Board, Washington, D. C.

MY DEAR GOVERNOR: I thank you for your letter of May 3, answering my letter of April 27, in which I urged the Federal Reserve Board to lower the interest rates of the reserve banks as a means of helping to restore Liberty bonds to par.

The Secretary of the Treasury and every agency of the Government, including the reserve banks and the member banks, cooperated in a strenuous drive to induce the American people to buy Liberty bonds. The people were told to buy the bonds until it hurt. They sold their property, they borrowed money, they mortgaged their homes to buy these bonds on the assurance of the Secretary of the Treasury that there was no better security, and they had a right to believe that these bonds would be maintained at par. But, my dear Governor, if you permit these high rates of interest, of which I have justly complained, the inevitable consequence will be that these Government bonds must go still lower than they are now instead of reacting to par.

The violent fluctuating high interest rates on the New York Stock Exchange which go from 8 to 30 per cent, advertised throughout the country in every important paper in the land, together with the high interest rates of the Federal reserve banks to member banks at 6 and 7 per cent, and the consequent higher commercial rates daily advertised in the public press of 8, 9, and 10 per cent, not to mention commissions on the side and discounts, are jointly impairing confidence and creating an atmosphere of suspicion, distrust, and widespread talk of pending industrial depression and industrial panic.

I have insisted that the powers of the Government should be exercised through the office of the Federal Reserve Board, the Federal reserve banks, and the Comptroller of the Currency to remove these causes, which, if persisted in, may cause a serious industrial depression and make Liberty bonds go still lower.

The claim of the New York Stock Exchange that these high and violently fluctuating interest rates on call loans are necessary for the purpose of preventing speculation is indefensible, because they do not prevent speculation. The professional operator immediately speculates in a bear market, which inevitably must follow these artificial high interest rates. The speculator can afford to pay high interest rates, but legitimate business can not. Moreover, the employment of bank credits for speculation can be prevented by harmless methods: First, by the banks refusing new loans for speculative purposes; second, by requiring gradual liquidation of old loans employed in speculation; and, third, by raising the margin on speculative loans.

The remedies I suggest are harmless to the general public. The remedy employed of high interest rates on call loans running up to 30 per cent is destructive of public confidence and threatens industrial depression.

When the Reserve Board raises the rate to 6 and 7 per cent it has the effect not of stopping the speculator but of stopping legitimate business, and putting the brakes on manufacture, commerce, agriculture, on production and distribution.

You quite misunderstand the point when you speak of my contention that the Liberty bond market recently fell because the Federal Reserve Board raised the rate of interest, which you think is disproved by the fact that the bonds fell in April, 1919, to 95 before the Federal Reserve Board raised the rate of interest. My contention is that the high rates of interest on the stock exchange, and the high rates charged by member banks on commercial loans based in part on the high rates of the reserve banks, are all factors producing this result, and when the Reserve Board recently raised the rate these bonds went down much lower than they had been before, and they must go lower still if the board persist in this policy. What I contend is that the Federal Reserve Board in raising these rates, and thus adopting the unwise policy of the stock exchange, is depreciating the market value of all securities, including Government bonds.

I understand the Reserve Board desires to deflate credit by raising the rates of interest. Assuredly raising the rates of interest will deflate credits, even the credits of the United States, of which I complain, but I am anxious the Reserve Board shall only deflate those credits that require deflation and not deflate credits of the Government and of legitimate productive business, which ought not to be deflated.

The United States was compelled to expand its credits, and issued \$26,000,000,000 of war bonds. The war resulted in an increase of \$20,000,000,000 of bank deposits, a total increase



of expanded credits of \$46,000,000,000. No substantial part of these credits should be deflated at this time. The only deflation of credit justified is the deflation of credits employed in speculative loans on investment securities, on real estate, and on commodities for hoarding by profiteers.

My dear governor, it seems to me that there is some serious misconception existing in the country with regard to what is inflation and what is not inflation. I am certainly opposed to inflation, but I am strongly in favor of the extension of business, increasing production and improving distribution, by extending credits on a stable low-interest rate.

The expansion of credit for such purposes is justified, but, of course, the expansion of credit beyond the available resources, even for the most important of purposes, is not justified. The Bank of England, conducted by the wisest merchants in the world, has not hesitated to extend credits for productive purposes even when the gold reserve was thereby seriously diminished. As you very well know, they went to a very low gold reserve during the war without ever denying credits to their business men who were engaged in legitimate industry. The London merchants had  $3\frac{1}{2}$  per cent acceptance rates all during the war, when the British Government paid 5 per cent.

If the people are frightened by the talk of industrial depression, by high interest rates, it has the effect of preventing production and putting the brakes on manufacture and on our entire industrial life.

I do not agree with Secretary Leffingwell that the present depression in Liberty bonds is due to the owners of Liberty bonds spending the bonds recklessly as spendthrifts. People who bought Liberty bonds do not deserve such a classification, although, of course, some individuals out of a very great number are spendthrifts. But the spendthrift quickly parts with his bonds to other people. The spendthrift theory does not explain the terrible depreciation.

If money was cheap and credits were available at low rates, it is perfectly obvious that these bonds would go to par, and just in degree that the banks of the country raise the rates to very high artificial figures to that degree the Liberty bonds and Victory bonds will assuredly fall in market value.

You advise me that the Liberty bonds "can not be brought back to par by artificial methods." They can be depressed by universal high rates of interest artificially fixed by the banks, and that is precisely what has happened and to which I earnestly object.

I do not say that the Federal reserve banks can restore these bonds to par by lending a part of their resources on these bonds at a low figure. What I do say is that the value of these bonds is depressed by the action of the Government in countenancing the scandalous interest rates on the New York Stock Exchange, the unreasonable interest rates by the member banks of the country, and the unfair interest rates by the reserve banks to the member banks.

You very justly say, my dear governor:

"There is a world-wide demand for capital, and the demand for bank credit in this country in agricultural, commercial, and industrial purposes is heavier than has ever been known before; investment demands for new construction, for the maintenance and equipment of railroads, and for the financing of our foreign trade are very great."

Are these just demands to be met by denying the credits, or are they to be repressed by raising the rates to prohibitive points, and thus retard enterprise and production, the employment of labor and capital in creating commodities?

You say the reserve banks would have been "overwhelmed with applications for loans" on Government securities if the reserve banks had continued to offer a low discount rate on paper secured by Government obligation.

I am not advocating the reserve banks lending beyond their resources at any rates or on any securities. I am protesting against the reserve banks setting a bad example to the country by raising the rates of interest on legitimate business engaged in production and distribution. I am objecting, my dear governor, to the Reserve Board taking advantage of this condition and raising these rates merely because the demand is urgent, when the proper function of the Federal reserve bank is to stabilize the interest rate, keep it at a reasonably low figure, and set a wise and just example to the member banks.

The member banks pay from 2 to 4 per cent for deposits and normally let their money out at from 5 to 7 per cent, with a margin of about 3 per cent. The reserve banks pay no interest on deposits, and 3 per cent is a rate high enough to enable them to make all the money they are entitled to make out of the public. On a 4 per cent rate the Federal Reserve Bank of New York last year made 110 per cent, and I suppose on a 6 and 7

per cent rate they will make this year about 160 per cent. This is precisely what I am objecting to. The Federal reserve banks should not be put in the attitude of profiteering or of setting the example of profiteering to member banks. The powers of the Government are not being properly exerted to stop the scandalous rates of interest on the New York Stock Exchange.

I was advised that six months ago the New York banks had nineteen hundred million dollars loaned on investment securities and the commerce of the country was suffering for credit. I believe, with the board, that these credits on investment securities and speculative loans should be diverted, as far as practicable, to productive purposes, but to raise the rates to 6 and 7 per cent upon all banks alike does not accomplish this end. It merely penalizes all business of every kind and character, regardless of whether they are using their credits for speculative or productive purposes.

What I earnestly desire to call to the attention of the board is that credits ought to be extended at a low rate to the extent of the capacity of the reserve banks for productive purposes; that member banks should be urged to do the same thing, and that the powers of the Government should be exerted against the excessive, violently fluctuating rates on the New York Stock Exchange.

Hoping that the suggestions which I have the honor to make may be of some service to the deliberations of the board and to the country, I remain,

Very respectfully, yours, ROBT. L. OWEN.

THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 10378) to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and to provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment inserting section 33.

The amendment was agreed to.

The next amendment was, on page 50, after line 13, to insert:

Sec. 34. That paragraph (a) of section 11 of the act entitled "An act to remove certain burdens on the American merchant marine and encourage the American foreign carrying trade, and for other purposes," approved June 26, 1884, as amended, is hereby amended to read as follows:

"Sec. 10. (a) That it shall be, and is hereby, made unlawful in any case to pay any seaman wages in advance of the time when he has actually earned the same, or to pay such advance wages, or to make any order, or note, or other evidence of indebtedness therefor to any other person, or to pay any person, for the shipment of seamen when payment is deducted or to be deducted from a seaman's wages. Any person violating any of the foregoing provisions of this section shall be deemed guilty of a misdemeanor, and upon conviction shall be punished by a fine of not less than \$25 nor more than \$100, and may also be imprisoned for a period of not exceeding six months, at the discretion of the court. The payment of such advance wages or allotment, whether made within or without the United States or territory subject to the jurisdiction thereof, shall in no case except as herein provided absolve the vessel or the master or the owner thereof from the full payment of wages after the same shall have been actually earned, and shall be no defense to a libel suit or action for the recovery of such wages. If any person shall demand or receive, either directly or indirectly, from any seaman or other person seeking employment, as seaman, or from any person on his behalf, any remuneration whatever for providing him with employment, he shall for every such offense be deemed guilty of a misdemeanor and shall be imprisoned not more than six months or fined not more than \$500."

Mr. KING. I should like to ask the Senator having this bill in charge what is the necessity now of reenacting legislation dealing with this subject?

Mr. JONES of Washington. I will call the Senator's attention to the only change made in the law by this provision. He will note on page 51, in lines 5 and 6, the words:

The payment of such advance wages or allotment—

Here is the change in existing law:

Whether made within or without the United States, or territory subject to the jurisdiction thereof.

The Supreme Court has upheld this section and has also upheld the right of Congress to deal with foreign seamen in our ports. The purpose of the provision is to prevent what is called "crimping" in the securing of seamen. For instance, we prevent by our law advances being made to seamen and sailors in this country. That was simply to prevent the boarding houses or the crimping houses from taking advantage of seamen, as the Senator understands. The purpose of this section is to prevent that as to sailors on ships coming from a foreign port to this country. It is a very common custom in many other countries to require advance payments on wages when seamen ship. Under this provision that practice will be stopped. That is the sole purpose of the proposed change.



The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Commerce was, on page 51, after line 18, to insert:

Sec. 35. That the second proviso of the first paragraph of section 13 of the act entitled "An act to promote the welfare of American seamen in the merchant marine of the United States, to abolish arrest and imprisonment as a penalty for desertion and to secure the abrogation of treaty provisions in relation thereto, and to promote safety at sea," approved March 4, 1915, is amended to read as follows:

"Provided further, That upon examination under rules prescribed by the Department of Commerce as to eyesight, hearing, physical condition, and knowledge of the duties of seamanship, a citizen of the United States found competent may be rated as able seaman after having served on deck 12 months at sea or on the Great Lakes; but seamen examined and rated able seamen under this proviso shall not in any case compose more than one-fourth of the number of able seamen required by this section to be shipped or employed upon any vessel except that any American citizen rated as able seaman under this proviso, who has served one year at sea or on the Great Lakes after securing such rating, shall not be included as composing a part of the one-fourth of such able seamen under this proviso."

The amendment was agreed to.

The next amendment was, on page 52, after line 14, to insert:

Sec. 36. That section 20 of such act of March 4, 1915, be, and is, amended to read as follows:

"Sec. 20. That any seaman who shall suffer personal injury in the course of his employment may, at his election, maintain an action for damages at law, with the right of trial by jury, and in such action all statutes of the United States modifying or extending the common-law right or remedy in cases of personal injury to railway employees shall apply; and in case of the death of any seaman as a result of any such personal injury the personal representative of such seaman may maintain an action for damages at law with the right of trial by jury, and in such action all statutes of the United States conferring or regulating the right of action for death in the case of railway employees shall be applicable."

The amendment was agreed to.

The next amendment was, on page 53, after line 4, to insert:

Sec. 37. That, in the judgment of Congress, articles or provisions in treaties or conventions to which the United States is a party, which restrict the right of the United States to impose discriminating customs duties on imports entering the United States in foreign vessels and in vessels of the United States, and which also restrict the right of the United States to impose discriminatory tonnage dues on foreign vessels and on vessels of the United States entering the United States, should be terminated; and the President is hereby authorized and directed within 90 days after this act becomes law to give notice to the several Governments, respectively, parties to such treaties or conventions that so much thereof as imposes any such restriction on the United States will terminate on the expiration of such periods as may be required for the giving of such notice by the provisions of such treaties or conventions.

Mr. JONES of Washington. I ask that that section may go over.

The PRESIDING OFFICER. Without objection, section 37 will be passed over.

The reading of the bill was resumed.

The next amendment of the Committee on Commerce was, on page 53, line 21, to change the number of the section from "12" to "38," and, in line 24, after the word "Corporation," to strike out "or other agencies created pursuant to authority of law," so as to make the section read:

Sec. 38. That the power and authority vested in the board by this act, except as herein otherwise provided, may be exercised directly by the board, or by it through the United States Shipping Board Emergency Fleet Corporation.

The amendment was agreed to.

Mr. JONES of Washington. I offer an amendment, in line 22, after the word "otherwise," to insert the word "exclusively."

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Washington.

The amendment was agreed to.

Mr. KING. Mr. President, may I inquire of the Senator from Washington, under the provisions of this bill, what becomes of the Emergency Fleet Corporation? Is a consolidation effected between that and the Shipping Board?

Mr. JONES of Washington. No; the Emergency Fleet Corporation remains just as it is. It is really the agency of the Shipping Board now, and is continued, so far as may be necessary, in carrying out the provisions of this proposed act.

Mr. KING. Is it to be the instrumentality by which will be effectuated all of the duties and responsibilities which are devolved upon the Shipping Board?

Mr. JONES of Washington. No; not at all. It is really the instrumentality of the Shipping Board to handle and dispose of the ships, and so on; but it does not take care of the matter of discrimination or of regulating rates or revising the navigation laws or matters of policy, and so forth. It has nothing to do with such questions as those; but is the agency of the Shipping Board for the purpose of constructing ships, as it has been heretofore, and the agency to carry on dealings with reference to ships and the property of the Shipping Board.

Mr. KING. Mr. President, the reason I have propounded the inquiry is that a number of suggestions have been made to me by persons who are more or less familiar with the duties of the Shipping Board and of the Emergency Fleet Corporation to the effect that the duties of both organizations could with propriety be performed by one; that the present arrangement led to more or less of duplication, to the setting up of unnecessary machinery, and they suggested a consolidation under which the Shipping Board should be fully authorized not only to perform the duties now devolved upon it by law, and such as may be devolved upon it under this bill, but as well whatever duties are devolved upon the Emergency Fleet Corporation. I ask the Senator from Washington why, in the formulation of this bill, that suggestion has not been carried into effect?

Mr. JONES of Washington. Mr. President, the Senator from Utah knows that in dealing with property and making contracts and matters of similar character a legislative organization such as the Shipping Board has very little flexibility. There is no provision for suing it or that it shall bring suit or anything of that sort, so that in certain aspects the work can be much better done by a corporation. Independently of that, the two organizations are substantially the same, but the Emergency Fleet Corporation was created for the purpose of providing that flexibility, so that individuals could deal with it far better than they could with a purely legislative agency, such as the Shipping Board, which would have to have its powers more particularly defined so far as concerns its dealings with different subjects.

Mr. KING. Mr. President, I have listened to the observations made by the chairman of the Committee on Commerce—

Mr. JONES of Washington. If the Senator will permit me, I will add merely a word. The original shipping act, as the Senator will remember, was passed before we entered the war, and for the purpose of enabling us to build ships for which some \$50,000,000 were appropriated. Under that act it was provided that the Shipping Board, if it found it necessary to carry out the purposes of the act, could create one or more corporations to do the things necessary to be done. Under that authority it created the Emergency Fleet Corporation. That was the only corporation that was created. That corporation is, as I have said, practically the same as the Shipping Board; that is, the five members of the Shipping Board are trustees of the Emergency Fleet Corporation. I think there are two additional members, but if this bill passes as now framed the members of the Shipping Board will constitute the trustees of the corporation.

The original act also provided that the Shipping Board might create additional corporations or agencies. We have stricken out that authorization, because we thought they ought not to create any additional corporations; that the one now in existence was enough, and we did not think it was wise to disturb the whole organization; but for the reason which I stated a while ago, that a person can deal much more flexibly with a corporation in matters of contract and with reference to obligations than he can with a legislative agency such as the Shipping Board, we did not make any change in the status of the Emergency Fleet Corporation.

Mr. KING. Mr. President, the Senator will remember that during the war there was some complaint that the Shipping Board and the Emergency Fleet Corporation did not cooperate and integrate as they should have done; that there was too much machinery; that the organizations were too widely separated; and that they did not properly function. As to whether or not those criticisms were warranted, I am not prepared to state, but I do believe there was too much machinery, either in the Shipping Board or in the Emergency Fleet Corporation, or in both, and that there is too much machinery now in either one or both of those organizations.

Mr. JONES of Washington. I will say to the Senator—and I think I know what I am talking about with reference to this phase of the matter, at any rate—that the real difficulty during the early part of the war was that the Shipping Board and the manager, I might say, or the chairman of the Emergency Fleet Corporation, did not work very well together, because the manager of the corporation did not have the authority that the manager of a corporation usually has, and he was hampered, restricted, and limited by the Shipping Board.

Finally, however, the by-laws of the corporation were so amended as to vest the powers of the Emergency Fleet Corporation practically in the manager, who was the chairman, and that enabled the Emergency Fleet Corporation then to go ahead and do the business that it was really intended to do. That was really the difficulty originally.

Mr. SMITH of South Carolina. Mr. President—



The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from South Carolina?

Mr. JONES of Washington. I yield.

Mr. SMITH of South Carolina. Is it not a fact that the Shipping Board created the Emergency Fleet Corporation?

Mr. JONES of Washington. Oh, yes; the Emergency Fleet Corporation is an agency of that organization.

Mr. SMITH of South Carolina. And in this bill it is provided that they shall do the same thing, is it not?

Mr. JONES of Washington. We do not provide that; we simply leave that as it is now.

Mr. SMITH of South Carolina. It is left as the law was originally written.

Mr. JONES of Washington. Yes.

Mr. SMITH of South Carolina. So that the coordination depends upon the discretion with which the board selects those who are to function for it?

Mr. JONES of Washington. Oh, yes.

The reading of the bill was resumed.

The next amendment of the Committee on Commerce was, at the top of page 54, to insert:

Sec. 39. That if any provision of this act is declared unconstitutional or the application of any provision to certain circumstances be held invalid, the remainder of the act and the application of such provisions to circumstances other than those as to which it is held invalid shall not be affected thereby.

The amendment was agreed to.

The next amendment was, on page 54, after line 6, to insert:

Sec. 40. That when used in this act, unless the context otherwise requires, the terms "person," "vessel," "documented under the laws of the United States," and "citizen of the United States" shall have the meaning assigned to them by sections 1 and 2 of the "shipping act, 1916," as amended by this act.

The amendment was agreed to.

The next amendment was, on page 54, after line 12, to insert:

Sec. 41. That section 2 of the "shipping act, 1916," is amended to read as follows:

"Sec. 2. That within the meaning of this act no corporation, partnership, or association shall be deemed a citizen of the United States unless all the stock and securities of such corporation, partnership, or association are at all times wholly and bona fide owned by citizens of the United States, and, in the case of a corporation, unless in addition to such requirement, its president and directors are citizens of the United States, and the corporation itself is organized under the laws of the United States, or of a State, Territory, District, or possession thereof.

"A corporation shall not be deemed to be so owned by citizens of the United States (a) if the title to all of its stock and other securities is not vested in such citizens, free from any trust or fiduciary obligation in favor of any person not a citizen of the United States; or (b) if all the voting power in such corporation is not vested in citizens of the United States; or (c) if, through any contract or understanding, it is so arranged that voting power in such corporation may be exercised, directly or indirectly, in behalf of any person who is not a citizen of the United States; or (d) if by any other means whatsoever control of any interest in the corporation is conferred upon or permitted to be exercised by any person who is not a citizen of the United States: *Provided*, That for the purpose of operating vessels exclusively in foreign commerce a corporation, partnership, or association organized and officered as provided in this section shall be deemed a citizen of the United States if at least 75 per cent of its stock and other securities are at all times bona fide owned by citizens of the United States, free from any trust or fiduciary obligation in favor of any person not a citizen of the United States."

Mr. EDGE obtained the floor.

Mr. CALDER. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from New York?

Mr. CALDER. I wish to offer an amendment to this section.

Mr. EDGE. Perhaps the amendment is the same. I was going to offer an amendment, on page 54, line 17, after the word "unless," to insert the words "at least 90 per cent of," which will make the three or four lines beginning on line 15 read:

That within the meaning of this act no corporation, partnership, or association shall be deemed a citizen of the United States unless at least 90 per cent of all the stock and securities of such corporation—

And so forth.

I think it is very indefensible to pass any act providing something that we know perfectly well is impossible of enforcement. When we require 100 per cent of the stock of a shipping corporation to be owned at all times by American citizens, we know perfectly well that we are making innocent violators out of every corporation in the country, or at least we are certainly inviting it. If one share of stock is sold on the exchange—and, of course, in the case of many of these corporations the stock is listed—the result of it would be that you could proceed under this act for violation, and if stock was owned by an American woman who married an alien the same thing would occur.

I feel that if we make the provision 90 per cent we are in every way protecting American interests and we are not passing laws that we know perfectly well are unenforceable.

Mr. SMITH of South Carolina. Mr. President, I should like to ask the Senator from New Jersey if it would not be more

difficult to keep within the 10 per cent than to know that you could not sell any of the stock to persons other than citizens of the United States?

Mr. EDGE. In answer to that question there is unquestionably difficulty in keeping a record of it in any event; but we established a precedent at the present session of Congress in passing the so-called export finance bill, which was discussed on the floor of the Senate by a number of Senators and which presented exactly the same question. We finally decided in the case of that bill that a majority of the stock should be held by American citizens, and also that all the directors and officers should be American citizens. I believe that all the directors and all the officers should be American citizens, but I do not entirely agree with the Senator from South Carolina in his view that it would be as difficult to enforce a 90 per cent restriction as it would to enforce a 100 per cent restriction. If it is a known fact that there is a small leeway, like 10 per cent, I think the average corporation would make every effort to defend that situation. The stock records, of course, are open, and there is a way to do it; but I do not like to ask for 100 per cent when it seems unnecessary as a protection to American interests and is such an invitation for continued violation.

Mr. KING. Mr. President, will the Senator yield?

Mr. EDGE. I yield.

Mr. KING. I invite the Senator's attention to the words on page 55, with a view to inquiring whether they will not call for a modification of his statement.

Mr. EDGE. I am going to offer an amendment to subdivision (a) that would call for the same modification, as I understand.

Mr. KING. If the Senator will pardon me a moment, in line 13 there is a provision reading as follows:

*Provided*, That for the purpose of operating vessels exclusively in foreign commerce a corporation, partnership, or association organized and officered as provided in this section shall be deemed a citizen of the United States if at least 75 per cent of its stock and other securities are at all times—

And so forth.

The Senator's complaint was that it limited the ownership to Americans exclusively. As I interpret this, it provides that foreign residents may own at least 25 per cent of the stock of vessels engaged in foreign commerce.

Mr. EDGE. I think that is correct. That, however, is a different classification.

Mr. KING. Then the Senator's criticism would apply only to vessels that are engaged in domestic commerce, coastwise trade?

Mr. EDGE. The answer to the Senator from Utah would seem to me to be this: It is true that the mere fact that in the case of corporations engaged in foreign commerce the bill only exacts 75 per cent—that is, that the stockholders shall total not less than 75 per cent of American citizens—demonstrates that vessels owned by corporations that are organized under American laws, and are doing business abroad, are only required to have 75 per cent American citizenship-owned stock; but vessels doing a coastwise or American business solely are, under the terms of the same section, required to have 100 per cent. I do not see the reason for the difference in the requirement. I think both of them could be well 75 per cent. I am simply making as modest a modification as possible in order to meet the conditions that exist.

Mr. JONES of Washington. Mr. President, just a word.

I recognize the difficulty of enforcing the law. I think there would be just as much difficulty, however, in enforcing the law as proposed to be amended by the Senator from New Jersey as there would be in enforcing it as it is proposed in the bill.

I want to read just a couple of extracts from a letter from the chairman of the Shipping Board, urging this amendment:

Believing that it is essential that our coasting fleet be wholly owned by American citizens, I respectfully suggest that section 29 of the second committee print be amended—

So as to make it read as we have it in the bill. He says, further:

Unless our coasting fleet be wholly and unequivocally owned by loyal United States citizens, it can not be rated a dependable unit in time of national emergency. Such dependability must always be insured, and this can only be accomplished by making 100 per cent bona fide American ownership the only key to our coasting trade, and in so far as consistent with present conditions, to establish the same requirement for our foreign commerce.

Mr. KING. Mr. President, will the Senator yield?

Mr. JONES of Washington. Certainly.

Mr. KING. Suppose a case where a foreigner is an heir to an American who owns a certain block of stock in a coastwise boat, and under the laws of distribution that alien received the stock. What becomes of the stock? Is it forfeited? What provisions are there in the bill to penalize the corporation, if it is to be

penalized, for permitting some alien to remain the owner of stock in the corporation?

Mr. JONES of Washington. There are no penalizing provisions. There are no penalizing provisions in the law now and as it has existed ever since we had a Shipping Board. We have made no change in that particular.

Mr. KING. How would the provision be enforced, if there is any enforcement of the provision, restricting the ownership to all Americans?

Mr. JONES of Washington. I will say that I do not know just how it would be done. I think probably the Shipping Board would make some rules and regulations under which they would seek to control the issuance of stock to aliens, or something of that kind; but there is no penalty.

Mr. KING. It is just a sort of a naked fulmination?

Mr. JONES of Washington. Really, that is about it.

Mr. EDGE. Mr. President, may I ask the Senator from Washington what is the present provision?

Mr. JONES of Washington. The present provision is a controlling interest, and there is no provision about enforcing compliance. This follows the present law.

Mr. EDGE. The controlling interest—which, of course, means the majority of the stock, which has been apparently the policy heretofore—is changed here to a 100 per cent basis. I have never believed in passing a law that we admitted while it was before the Senate could not possibly be enforced.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New Jersey [Mr. EDGE] to the amendment of the committee.

On a division, the amendment to the amendment was rejected.

Mr. CALDER. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. On page 55, at the end of line 20, it is proposed to insert a semicolon and the following:

And provided further, That a person who resides in the United States, and who has lost the status of a citizen of the United States through marriage, shall be deemed a citizen of the United States for the purpose of determining the citizenship of a corporation, partnership, or association under the provisions of this section.

Mr. JONES of Washington. I see no objection to that amendment, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the amendment of the committee.

Mr. SMITH of South of Carolina. I ask to have the amendment stated again.

The PRESIDING OFFICER. The Secretary will restate the amendment.

The amendment to the amendment was restated.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New York to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. REED. Mr. President, I should like the attention of the chairman of the committee for a moment. I think there is nothing more difficult to preserve intact than the ownership or the control of a corporation that issues stock. The bill tries to do that, but the section only covers the question of ownership. It provides:

That within the meaning of this act no corporation, partnership, or association shall be deemed a citizen of the United States unless all the stock and securities of such corporation, partnership, or association are at all times wholly and bona fide owned by citizens of the United States.

Under that section the stock might all be owned by citizens of the United States, and all of it might be trusted or assigned to an alien, or to an alien corporation. Indeed, the modern method of transacting the business of corporations frequently results in exactly the thing I have suggested being done.

I therefore suggest to the chairman this amendment: In line 19, after the word "by," insert "and under the control of," so that the clause would read:

Unless all the stock and securities of such corporation, partnership, or association are at all times wholly and bona fide owned by and under the control of citizens of the United States.

Mr. JONES of Washington. Mr. President, I have no objection to that, although I am rather inclined to think that it is covered on the other page. Notice on page 55, line 1:

A corporation shall not be deemed to be so owned by citizens of the United States (a) if the title to all of its stock and other securities is not vested in such citizens, free from any trust or fiduciary obligation in favor of any person not a citizen of the United States; or (b) if all the voting power in such corporation is not vested in citizens of the United States; or (c) if, through any contract or understanding, it is so arranged that voting power—

And so forth.

If that does not cover what the Senator wishes to accomplish, I am perfectly willing to have it amended.

Mr. REED. I had not noticed the section. I am working on the bill piecemeal.

Mr. JONES of Washington. I understand.

Mr. REED. Nevertheless, I think it would do no harm to put the words in which I suggest.

Mr. JONES of Washington. I think not.

The amendment to the amendment was agreed to.

Mr. REED. Mr. President, if it is not elsewhere covered in the bill, I desire to suggest this amendment, at the bottom of page 54, at the end of line 24:

No issue, sale, hypothecation, or transfer of stock or ownership shall be valid unless recorded with and approved by the Shipping Board.

Mr. JONES of Washington. I have no objection to that amendment. I am inclined to think, however, that these corporations, in the transfer of their stock, and so on, would be controlled by the authority under which they are organized. I suppose every State has laws of incorporation, and all these corporations would be organized under the laws of some State. They would control the transfer and disposition of stock. But personally I have no objection to the amendment.

Mr. REED. If that rule is to be applied, it might also affect other clauses of the bill. I have no desire to make it hard for these corporations to do business, but I know of no way in the world by which the Shipping Board can determine whether a corporation's stock is really owned by American citizens except that the record of the transfer of the stock should be filed with it, and subject to its approval. If the words I have suggested go in, I think we will have come very near fixing it so that these companies will have to remain American companies.

Mr. JONES of Washington. I have no objection to the amendment.

Mr. KING. Mr. President, it seems to me that the amendment is a little too broad. I do not think the board ought to have the authority to prevent a transfer of stock by any American citizen to any other American citizen, or corporation, or association, or partnership, and it appears to me that the Senator's amendment would confer discretionary power on the board, and make it necessary for them to approve of a transfer. I do not think any board ought to be permitted to determine whether or not "A," a bona fide citizen of the United States, may sell his stock in a corporation to some other citizen of the United States.

Mr. REED. I did not have the point in mind which the Senator has suggested. I have no desire to prevent the sale of stock by a citizen of the United States to another citizen, and if the Senator thinks it is too broad, I will offer the amendment in this form—

Mr. NELSON. Mr. President, will the Senator yield to me?

Mr. REED. I yield.

Mr. NELSON. Would not a provision in the bill prohibiting stock exchanges from selling the stock to any one but citizens of the United States be effective?

Mr. REED. That would cover the stock exchange transaction, but as soon as it got into the hands of the purchaser on the stock exchange he might sell it to some one else.

Mr. NELSON. Would it not be a good plan to prohibit the stock exchanges from selling this stock to anybody but citizens of the United States?

Mr. REED. I think the amendment in this form practically accomplishes it. I appreciate the suggestion made by the Senator from Utah [Mr. KING] and I will change the form of the amendment so that it shall read:

No issue, sale, hypothecation, or transfer of stock or ownership shall be valid unless recorded with the Shipping Board.

In other words, they must make a record with the Shipping Board.

Mr. JONES of Washington. I have no objection to the amendment to the amendment.

The PRESIDING OFFICER. The Secretary will state the amendment to the amendment as modified.

The READING CLERK. On page 54, at the end of line 24, insert:

No issue, sale, hypothecation, or transfer of stock or ownership shall be valid unless recorded with the Shipping Board.

Mr. BRANDEGEE. Mr. President, let me ask the Senator from Missouri a question. Has the Senator considered this situation, which I think might arise under his amendment?

The holders of stock can indorse their certificates in blank and hand them over to a foreigner or a foreign corporation to be held in their treasury. In that way really the foreigner controls the concern. Of course, he could not become the equitable owner of the stock until he had finally secured the action of the Shipping Board, but actually it would deprive the



American management of real control, because it would only be voted when the foreigners were of a mind to surrender it. I am not prepared, on the spur of the moment, to suggest whether that is any real danger or not, but it ought to be effectively controlled if it is a danger. I leave it for the conference committee to consider in case the amendment is agreed to in its present form.

Mr. REED. I sought to cover that by the amendment which I have just offered.

Mr. BRANDEGEE. I did not hear it read.

Mr. REED. My amendment was to insert in the clause "unless all the stock and securities of such corporation, partnership, or association are at all times wholly and bona fide owned by citizens of the United States," the words "and under the control of," so that it will read "wholly and bona fide owned by and under the control of citizens of the United States."

That may not be broad enough to cover it, but supplemented by this language on the next page in the text of the bill as offered, I think it would:

A corporation shall not be deemed to be so owned by citizens of the United States (a) if the title to all of its stock and other securities is not vested in such citizens, free from any trust or fiduciary obligation in favor of any person not a citizen of the United States.

Perhaps the two together cover it, although I will repeat to the Senator from Connecticut, who has come in since I made the remark, that the control of stock is one of the most difficult things in the world to handle.

Mr. EDGE. Let the amendment to the amendment be read as modified.

The PRESIDING OFFICER. The Secretary will state it as modified.

The READING CLERK. On page 54, at the end of line 24, insert:

No issue, sale, hypothecation, or transfer of stock or ownership shall be valid unless recorded with the Shipping Board.

Mr. EDGE. May I ask the Senator a question?

Mr. REED. Certainly.

Mr. EDGE. I am in sympathy with the object the Senator is attempting to attain, but by incorporating the word "valid" into a law would we not in effect raise the question of validity on the ordinary sale of stock? If a company should cease to qualify as being under 100 per cent American control, by using that language would we not really raise the question of the actual validity of the sale of stock?

Mr. REED. I intended to do that. I intended to make it so that one of these corporations which has the benefits of this law could not sell its stock to foreigners.

Mr. EDGE. I do not think the Senator understands my suggestion, if he will permit me. As I understand the section, the moment a company permits one share of stock to go out of the hands of an American owner, it automatically ceases to function under the bill.

Mr. REED. Oh, no.

Mr. EDGE. It ceases to be a company which can operate under the bill; that is certainly correct. Therefore, I make the point, why should we then in any way attempt to raise the question of the validity of the sale, when they automatically go out from under the act anyhow?

Mr. REED. Merely because we will not know whether their stock has gone into the hands of foreigners unless there is some place where they must register the transfer.

Mr. EDGE. I agree with the Senator on that.

Mr. REED. And the only way to compel them to register the transfer is to make a sale invalid until it is so registered. Then the owner of the stock, in order to have his stock of value, it seems to me, would necessarily take it to the board and register it.

Mr. EDGE. I am in entire agreement with the Senator that it should be registered with the Shipping Board. That is the only method. But the word "valid" seems to me to be rather a dangerous word to use.

Mr. KING. May I inquire of my friend from Missouri whether his amendment would in any way interfere with the usual custom of hypothecating stocks with banks for loans? As the Senator knows, one of the easiest methods employed by business men to obtain money is to go to a bank and give the note of the individual or the corporation and pledge the stock of a corporation as collateral security for the obligation. I fancy that the stocks of these corporations may be used for loans. Would the amendment offered by the Senator forbid the acceptance by the banks of an indorsed certificate as collateral for a loan to be made to the owner?

Mr. REED. I think it would compel a registration of the transaction with the Shipping Board. I believe we are forced

to do that, even though it to some extent interferes with the freedom of movement of the stock, because the very thing we are trying to do is to keep this stock from getting into the hands of foreign holders. If you permit it to be hypothecated without a registration of it, it might speedily be hypothecated to some foreign shipping corporation, and in that way the control would pass from us. I know of no way to avoid that without interposing some sort of an obstacle, which we might like to avoid if we could do it, and still keep the corporation securely within the United States.

Mr. KING. I appreciate the point my distinguished friend is making, but it seems to me that it is going to interfere with the usual course of business and make it very difficult at times for individuals to obtain a loan speedily. It occurs to me that a provision might be attached to the bill, or the amendment of the Senator might be so modified as that where notice was given to the Shipping Board that stock had been pledged for a loan, that would accomplish the purpose.

I am in entire sympathy with the position the Senator takes, and his desire to restrict the sale of this stock to foreigners, and yet I believe that his amendment will interfere materially with business operations and prove quite embarrassing to those who own the stock and who will be compelled to utilize it in their business for the purpose of securing loans. However, I shall not object to the amendment offered by the Senator.

I ask the chairman of the committee a question, in view of the statement just made by the Senator from New Jersey [Mr. EDGE] and the acquiescence in that statement by the Senator, although the RECORD does not show his acquiescence. The Senator from New Jersey stated that under the provisions of the bill if one share of stock passed into the hands of an alien, no matter by what process that ownership was obtained, automatically the corporation would cease to be permitted to enjoy the benefits of the bill, even though that transfer were made against the wish of all the rest of the stockholders and of the board of directors of the corporation.

Mr. JONES of Washington. I think the situation would be met by the amendment of the Senator from Missouri, because it is provided by that amendment that the sale, transfer, and so on, shall not be valid until it is recorded with the Shipping Board. So that would prevent a fraudulent passing of a share of stock. The language of the section is that—

A corporation shall not be deemed to be so owned by citizens of the United States (a) if the title to all of its stock and other securities is not vested in such citizens, free from any trust or fiduciary obligation—

And so forth.

Mr. KING. Let me make this inquiry of the Senator: Suppose stock, by devolution upon the death of the owner, passes to some alien as an heir. What occurs then? Does the corporation, pending the settlement of the estate, cease to have the benefits of this act? Is it to be outlawed and penalized?

Mr. JONES of Washington. I think it would be under this act.

Mr. KING. It seems to me that that would be unfortunate. Suppose some citizen of the United States dies who owns a share of stock in a corporation, and his son, or daughter, or some other heir, is an alien—

Mr. MCCORMICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Illinois?

Mr. KING. I yield.

Mr. MCCORMICK. Let me ask the Senator if that problem can not be met very easily by amendment? The Senator knows that under the laws of some of the States certain kinds of property may not be owned by aliens, and that in the event of the death of an owner and inheritance by an alien a period is fixed by law within which the alien heir must dispose of the ownership of the inherited property.

Mr. KING. I am directing attention to the provision because in legislation heretofore enacted that question received attention, and, as I recall, there was some provision that the stock must be disposed of within a certain time. It does seem to me that it is too severe a penalty to visit upon a corporation to deny it the benefits of this act simply because some man dies and he happens to have a relative who is his heir residing in some other country.

Mr. EDGE. Will the Senator yield?

Mr. KING. I yield to the Senator from New Jersey.

Mr. EDGE. I again draw attention to the fact that it was just to meet such a possible situation, where a corporation, the management, the officers, and directors would be absolutely helpless, that I suggested an amendment to reduce the necessary amount of stock to be owned by American citizens to 90 per cent. That is purely an arbitrary figure, but it is to admit of some little leeway so the law would not be continually violated even innocently.

The benefits of the act, I think, are such that if a corporation were engaged in coastwise trade and its vessels carrying freight and passengers to American ports, as provided under the coastwise laws and this act, would suddenly have their stock pass into the hands of an alien in some way or other, and if anyone desired to start proceedings, they would automatically have to give up their service under a strict interpretation of the act. I do not see any real gain in passing that type of legislation.

Mr. JONES of Washington. I will say to the Senator from Utah and the Senator from New Jersey that their suggestions will be given very careful consideration in conference. If the Senator from Utah can in the meantime frame some provision that will meet the situation, I shall be very glad to have it presented, and the vote can be reconsidered.

Mr. KING. With that understanding, I have no objection to the amendment being agreed to. I shall prepare an amendment during the interim and submit it to the Senator to-morrow.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is now on agreeing to the committee amendment, inserting section 41 as amended.

The amendment as amended was agreed to.

Mr. REED. Mr. President, a parliamentary inquiry. It has been suggested that an amendment be prepared to this section by the Senator from Utah [Mr. KING] covering the question we have just been discussing. If we agree to the amendment now a further amendment would be precluded.

Mr. JONES of Washington. I have just stated that if the Senator from Utah would prepare an amendment covering the provision he would like to have inserted, I would be glad to reconsider the amendment.

Mr. REED. Very well.

The next amendment was, on page 55, line 21, to change the number of the section from "13" to "42," and in line 22, after the word "act," to change the date "1919" to "1920," so as to make the section read:

SEC. 42. That this act may be cited as the merchant marine act, 1920.

The amendment was agreed to.

Mr. JONES of Washington. I have one more amendment to present. It is to take care of the hiatus that was suggested by the Senator from Colorado [Mr. THOMAS] with reference to the board. I think it would be well to have that cared for.

The PRESIDING OFFICER. The proposed amendment will be stated.

The READING CLERK. Add a new section, as follows:

SEC. —. That the present members of the board shall continue as such until their successors, provided for in this act, shall be appointed and qualified.

The amendment was agreed to.

Mr. JONES of Washington. That completes the amendments of the committee to the bill, except those that were passed over. I shall not ask the Senate to consider the bill further to-day.

RECESS.

Mr. LODGE. I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate took a recess until to-morrow, Saturday, May 15, 1920, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

FRIDAY, May 14, 1920.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Thou Great Creator and Dispenser of every good, our Father in heaven, help us to prove ourselves worthy recipients by conforming our lives to what we know to be right in the eternal fitness of things; conformed by the still small voice and the revelation of the heart of Christ, by His teachings, incomparable character, and sublime death on Calvary; that we may hallow Thy name and grow day by day into the likeness of our Maker. In the spirit of the Master. Amen.

The Journal of the proceedings of yesterday was read and approved.

LEAVE TO ADDRESS THE HOUSE.

Mr. GARNER. Mr. Speaker, I would like to make a request for unanimous consent.

Mr. KELLEY of Michigan. For what?

Mr. GARNER. That the gentleman from South Carolina [Mr. BYRNES] may have 20 minutes in which to address the House.

Mr. KELLEY of Michigan. Of course, I like to be accommodating, as the gentleman knows, but I would like to go ahead with the business of the House.

Mr. GARNER. Mr. Speaker, I ask unanimous consent that immediately following the disposition of the conference report called up by the gentleman from Michigan [Mr. KELLEY] that the gentleman from South Carolina [Mr. BYRNES] be permitted to address the House for 20 minutes.

The SPEAKER. The gentleman from Texas [Mr. GARNER] asks unanimous consent that immediately following the calling up of the conference report the gentleman from South Carolina [Mr. BYRNES] have leave to address the House for 20 minutes. Is there objection?

Mr. SELLS. Reserving the right to object, this is pension day in the House, and there are two bills on the calendar which the Committee on Pensions and the Committee on Invalid Pensions expect to call up. Could it not be arranged that the gentleman's speech be deferred until after the consideration of those bills?

Mr. GARNER. There is no danger of the gentleman's bills not being passed.

Mr. SELLS. No; and I do not anticipate that there is any danger that the gentleman will not be permitted to speak.

Mr. GARNER. If we stayed here until we passed the pension bills everybody would go home, and nobody would hear the gentleman from South Carolina. Nobody is going to stay here and consider pension bills, because there is no opposition. So I thought you could defer that matter until the gentleman had made his speech, and then gentlemen could go home and you could pass your pension bills. [Laughter.]

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. GARNER]?

Mr. SELLS. I withdraw my objection.

The SPEAKER. The Chair hears no objection.

REFERENCE OF BILL.

The SPEAKER. The bill S. 2977, an act to amend section 8 of an act to provide for the sale of desert lands in certain States and Territories, and so forth, is on the House Calendar, and the Chair, without objection, will refer it to the Union Calendar.

There was no objection.

EXTENSION OF REMARKS.

Mr. OSBORNE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the Fuller Civil War pension act, and I also wish to incorporate in my remarks the act itself and the instructions to the Pension Bureau.

The SPEAKER. The gentleman from California [Mr. OSBORNE] asks unanimous consent to extend his remarks in the RECORD on the Fuller pension bill and incorporate in the remarks the bill itself. Is there objection? [After a pause.] The Chair hears none.

Mr. HARRELD. Mr. Speaker, I ask unanimous consent to print in the RECORD an editorial appearing in the New York Times of May 10 headed, "Save the Postal Service."

The SPEAKER. The Chair did not recognize the gentleman for that purpose.

EFFICIENCY OF PERSONNEL OF THE NAVY—CONFERENCE REPORT.

Mr. KELLEY of Michigan. Mr. Speaker, I call up the conference report on the bill H. R. 11927, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from Michigan [Mr. KELLEY] calls up the conference report on the bill H. R. 11927, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 11927) to increase the efficiency of the personnel of the Navy and Coast Guard through the temporary provision of bonuses or increased compensation.

Mr. KELLEY of Michigan. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The statement was read.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11927) to increase the efficiency of the personnel of the Navy